

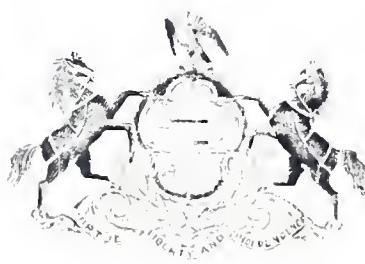
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**FINAL  
MESSAGE**

*to the*

***General Assembly***

*of the*

***Commonwealth of Pennsylvania***

*By*

**GIFFORD PINCHOT  
GOVERNOR**



**Tuesday, January 1, 1935**

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**FINAL MESSAGE  
TO THE  
*GENERAL ASSEMBLY*  
OF THE  
*COMMONWEALTH OF PENNSYLVANIA***

**By GIFFORD PINCHOT  
GOVERNOR**

**Tuesday, January 1, 1935**

Ladies and Gentlemen of the General Assembly:

I greet you, and I congratulate you on the opportunity which lies before you to serve the people of Pennsylvania. The times are calling you, and the way has been made plain.

The steady and unbroken purpose of this Administration has been to get for the people of Pennsylvania what they ought to have but never had received—simple justice in the things that are nearest to them. I mean relief for the taxpayer, roads for the farmer, a square deal for the consumer, the bank depositor, the worker, and the people generally.

In a word, I have tried to bring security to those whose lives were a constant battle against adversity.

**Four Principal Objectives**

To carry out this central purpose this Administration has had four principal objectives—to reduce the burden upon the taxpayer, to secure the laws the people need, to insure and administer relief for the unemployed, and to supply the immensely increased service required to meet the new needs and the increased needs of our people caused by the depression—and do it with fewer employes and for less money.

**Servants of the State**

The members of the State Government have met the unprecedented strain in a manner beyond praise.

I desire to pay my tribute of gratitude, admiration, and respect to the men and women in the State service, who, during these strenuous four years, have produced greater results for less money than were ever before attained by State employes in the long story of the Commonwealth.

And I desire especially to include the members of the Cabinet, upon whom the trials and the test of leadership have fallen.

The depression has more than doubled the work of some of the Departments, and of some Bureaus in every Department. Yet the increased load has been carried not only with cheerfulness and efficiency, but in nearly every case by a lesser number of employees than under the previous Administration.

That is one reason why I have steadily resisted every attempt to cut the salaries of State employes. They have been earning every cent they got.

#### **Governor's Office**

My thanks are due in particular to the personnel of the Governor's Office, whose willing cooperation under circumstances of peculiar difficulty and unexampled pressure I shall never cease to remember with thankfulness and the highest esteem. I am especially grateful to Duncan C. McCallum, whose wisdom, patience, knowledge, and undeviating support have left me forever in his debt. No Governor ever had a better Secretary.

The Governor's Office, in particular through the Governor's Secretary and the Budget Secretary, has continuously worked with the Departments, helping them to solve their problems, promoting economies, devising more efficient methods of doing the State's business, helping to plan work, and in numerous other ways giving assistance.

A new personnel classification was established, business methods in all of the Departments were revised and improved, purchasing methods were brought up to date, standards of performance in the Departments and institutions were raised, and better investments were secured for the custodial funds.

In addition, the Budget Secretary has had the great task of managing the State's finances during these difficult years. The financial problems have required the most constant vigilance, budgets have been studied and restudied, estimates of probable expenditure have been adjusted to rapidly changing conditions—all of which demanded of the Budget Secretary painstaking labor day by day.

I desire to express to Doctor Logan my deep sense of gratitude for the intelligence and devotion with which he had discharged his most difficult and most vital task.

When I was sick a year ago Mr. McCallum, Mr. John R. Hood, to whose wise guidance I owe a special debt, and others took up the burden during the last critical days of a

special session and carried on the work of the State Government as well as if I had been in my office every day.

My special thanks are due to Mrs. Cornelia Bryce Pinchot, whose advice in this emergency was indispensable. Indeed throughout both my terms Mrs. Pinchot's assistance in dealing with the human side of government has been invaluable. In her the people of the Commonwealth have had an ally impossible to duplicate or replace.

### **Four Years of Depression**

The people of Pennsylvania have come through four hard years. The problems which the State Government has had to face have been vital, complicated, and hard to solve. No other Administration, unless perhaps during the Civil War, has had so hard a row to hoe. Nevertheless, the past four years have been the best, and the best worth while, of all my life.

I most earnestly hope, and fervently pray, that no other four years as difficult will ever again face the people and the State Government of Pennsylvania.

But to be Governor during these difficult years was a man's job, and the chance to be of use to the people of this Commonwealth was worth everything it cost, and more. Whatever my shortcomings, I am thankful that the task fell to me.

Mistakes I have made in plenty, as any man must, but I have honestly done my best. And whatever may be said of me, whatever you may think of me, this much you will admit: I have had no master but the people of Pennsylvania and my own conscience. I have been Governor of Pennsylvania myself, and nobody else.

For what mistakes I have made, I alone am responsible. But for the work which has been done for the people of Pennsylvania, the chief credit belongs to the thousands of men and women who have worked during these four years as servants of the State have never worked before in the whole history of the Commonwealth.

### **The Public Service**

Doubtless there have been times when the common impression that a public office is a private snap was true in Pennsylvania. But my first four years as Governor showed that an Administration can be loyal to high standards of public service and public duty and still succeed. My second Administration has tried to follow the same line.

During my first term I succeeded, without a civil service law, in classifying the public service, setting up standards of employment, and immensely increasing output and reducing waste.

Until the very end of the present Administration no civil service law could have passed the General Assembly. Much was accomplished, nevertheless, in stabilizing the public service.

At the beginning of this Administration there were in the public service of the State, excluding institutions and Departments not under the Governor's control, 8801 people, with a payroll of \$15,234,713.

At the end of this Administration there are 8576 people, or 225 fewer, with a payroll of \$14,548,831. The reduction in payroll is \$685,882.

Of the 8576 employes, 992 are doing new work which did not exist at the beginning of this Administration. There is actually, therefore, a decrease of 1217 employes doing comparable work, with a payroll decrease of \$2,242,362.

These servants of the State have set a mark for any future Administration to shoot at. Efficient and loyal employes have been protected in their positions by the present Administration. They are entitled to the same protection from the Administration which is about to take office.

## The New Politics

A great change has overtaken the American people during the last four years, in which the outgoing administration has played its part.

The people of the United States, and of Pennsylvania in particular, have achieved a greater sense of their own rights, a clearer understanding of the duty of the Government—State and National—to safeguard their interests and promote their welfare, than they ever had before.

This is great gain. It is also a lesson and a warning. The people no longer admit any right in concentrated wealth to control them and their government. The millions are tired of being at the mercy of a handful of the over-rich. Of this essential fact every political leader should take careful note.

Whatever the depression may have cost us, it has at least taught us the responsibility of all of us toward everyone of us. It has broken down the cruel, selfish, and hateful doctrine of each man for himself and the devil take the hindmost.

An effort is already under way to bring back the old days

with their ancient evils, to deliver the government back into the hands of concentrated wealth—to return to the outworn and discredited slogan that the way to help the poor man is to make the rich man richer still.

The men who are working for such a return are known to us all. I warn them that those of us who believe in the man, the woman, and the child ahead of the dollar are prepared to resist them to the bitter end.

The question no longer is what party leaders can get out of the people, but what political parties can give to the people. Humanity is coming into its rights.

### **Measures Passed and Defeated**

Of the more important measures I recommended to the General Assembly it approved:

The Federal Child Labor Amendment; old age assistance; certain improvements to the Workmen's Compensation Law; pensions for the blind; stopping the unfair use of labor injunctions; outlawing the Yellow Dog Contract; new Banking and Building and Loan Codes; a new Corporation Code; permanent registration in Pittsburgh and Scranton; assistance to disabled and neglected ex-service men; bonus to war veterans; set-up of a State Liquor Control system; creation of a Milk Control Board; stay of execution and tax sales; restoration of full appropriations to institutions and Departments by a \$25,000,000 bond issue, largely to replace funds taken for unemployment relief.

Among the more important measures which I recommended and which were not passed were:

Unemployment insurance; better State child labor laws; minimum wage law for men, women, and children; maximum hour law for women and children; abolition of company-paid deputy Sheriffs; repeal of the Industrial Police Act; better workmen's compensation laws; compensation for occupational diseases; authority for the State to collect unpaid wage claims of workers; limited dividend corporations for workers' low cost housing; long range provision for public works; cooperation in enforcing NRA code provisions on hours, wages, and conditions of labor; authority for local governments to set salaries of their appointed officials; limitation of the size of trucks and busses; exclusion of trucks from State highways on Sundays and holidays; putting private banks under the direction of the State Banking

Department; a new school code; a new insurance code; and laws to give the Public Service Commission greater control over public utilities and prevent rate increases without previous approval.

These are progressive measures in line with modern thought. They march with the will of the people, and of that we have complete proof in the last election. It is well within the truth to say that if the General Assembly had enacted these measures as they were laid before it, or a majority of them, the next Governor of Pennsylvania would have been a Republican and not a Democrat.

To relieve the taxpayers, and especially the real estate taxpayers from the needless and unjustified burden they are carrying now, this Administration recommended many measures.

The following were passed:

Adoption of a 20,000 mile road program; emergency appropriations of \$6,250,000 to needy school districts; provision for uniform temporary cut in teachers' salaries; maintenance of township roads temporarily, not permanently as I recommended.

Those which were not passed include:

Abolition of the unfair fee system of paying public officials; permanent taking over by the State of the 53,000 miles of the second-class township roads; consolidation of third and fourth class school districts; the County Unit Plan of poor relief; State collection of personal property tax; and an income tax for school purposes.

The saving to taxpayers which would have been made by these six measures and by the uniform cut in teachers' salaries is more than \$44,000,000 a year. That means a saving of nearly 12 per cent of the total local or real property taxes levied annually, or, excluding Allegheny and Philadelphia Counties, more than 17 per cent.

Other measures recommended to the General Assembly but not passed include:

Relief for financially distressed mortgagors, taxpayers, and other debtors; expansion of the borrowing powers of State and local governments in time of depression; relief of small inheritances from inheritance tax; cigarette and billboard taxes for relief; provisions allowing local governments to borrow on delinquent taxes; provision for building and loan associations and closed banks to borrow from the Reconstruction Finance Cor-

poration; monthly payments of taxes and water rents; constitutional amendment to allow Pennsylvania to take advantage of Federal loans; collection by the Department of Revenue of mercantile and inheritance taxes; and creation of a Tax Equalization Board to distribute the tax burden justly.

What these measures would have saved to the people of Pennsylvania cannot be determined in dollars and cents, but no one can doubt they would have helped to make the lot of the average citizen far easier than it has been in these trying times.

### **The Duty of Republicans**

I wish to say a word about politics. The Republican Party is for the time being the minority party, but that does not relieve any Republican lawmaker from his obligation to support the Republican platform, and do his best to enact it into law.

Speaking for the people of Pennsylvania, and as a man whom they have twice honored with the highest office in the Commonwealth, I call most solemnly upon the legislators of both parties to join in enacting the measures promised the people in both platforms. For the two platforms, so far as State affairs are concerned, are almost the same.

And I urge upon Republican and Democratic legislators alike not to oppose sound legislation needed by the people merely because it has been introduced by a member of the other party. The essential thing is not the political label, but the welfare of the people. That should control.

### **Things Done for the People**

What has been done for the people by this Administration can best be set forth under the various Departments of the State Government. There is time for only the briefest mention, but more detailed information will be found in the report of each Department and Commission printed in the appendix to this message.

#### **Unemployment Relief**

In view of its overwhelming importance to the people of Pennsylvania, both those who were on relief and those who were not, I shall take up relief and its resulting financial problem first.

The only solution for unemployment is work, but it has taken us a long time and much hard thinking to learn it.

The connection of this Administration with unemployment relief began, so to speak, before the Administration itself. On

October 10, 1930, while still a candidate, I appointed a Pennsylvania Committee on Unemployment. After it reported, as Governor I appointed another.

In August of 1931, first of all the States, Pennsylvania, through its Governor, demanded Federal relief. I spare you a description of the long fight to secure Federal relief against the opposition of many influential Pennsylvanians. Most fortunately it was successful.

On November 9, 1931, the first of four special sessions called to provide State relief convened in Harrisburg.

The State Emergency Relief Board, to which the General Assembly delegated the difficult task of unemployment relief, was created by the Act of August 19, 1932. In twelve days it organized County Relief Boards throughout the State and began the distribution of relief on September 1st.

The amount of relief granted was from the start necessarily inadequate. From less than \$3.00 per family per week in October, 1932, it has risen to approximately \$35.00 per month per family in December, 1934, but it is still below a proper standard of living.

Only about half of the unemployed are on the relief rolls at any one time. The peak load came in May of 1933 when 450,000 families, or 2,000,000 persons, were dependent on State and Federal aid for their living. In January of 1934 the number of families had sunk below 290,000, largely because many were supported by funds of the C. W. A., which at its height gave work relief to more than 300,000 persons.

Relief at first was distributed in food orders and through commissaries. It was supplemented by food gardens, of which nearly 300,000 were in operation at one time, and by distribution of fuel, clothing (676,000 dozen garments), shoes (2,300,000 pairs), by medical care, and by some contribution to rent.

At first there was strong opposition to cash relief. Today the overwhelming weight of experienced sentiment is for it. It is now in effect in Philadelphia and Pittsburgh.

Cash relief will cost a little more, but the increase in cost is little to pay for avoiding the demoralization which inevitably follows direct relief. Less than three per cent of the total income of the United States is spent for the relief of the fifteen per cent of our people who require it.

The State Emergency Relief Board is, I believe, unanimous in its preference for work relief over direct relief. It recognizes

the right to work as among the fundamental rights of human beings.

The Board has been most fortunate in its Executive Director, Mr. Eric H. Biddle, to whose ability, energy, and common sense the Governor, the Board, and the unemployed of Pennsylvania owe a debt that can never be paid.

### **State Finances**

In my first term the chief financial difficulty was to pay off \$32,000,000 of unpaid bills left by the previous Administration. That was done.

The financial problem of my second term was far different and much harder. The fiscal history of this Administration is in two parts. The first part covers running the State Government in all its regular departments under the tremendous strain of the worst depression this country has known.

The second part consists of an entirely new and separate function of the State Government and must be considered by itself. Unemployment relief, the bare necessities of life, had to be furnished to two million Pennsylvania men, women and children. This meant that \$87,000,000 had to be provided by the State for a need that no other Administration had ever faced.

Up to the beginning of this Administration what relief needs existed were handled by local agencies. In my last three years the State had to furnish, in times when revenues had fallen off seriously, entirely new appropriations amounting to nearly 40 per cent of the usual State budget. Without the unprecedented demand for State relief, which reached the huge sum of \$87,000,000, this Administration would have had available for other purposes, or to leave as a surplus to its successor, \$41,000,-000 beyond the surplus now estimated.

### **Present Financial Condition**

The present financial condition of the State Government on the basis of receipts to November 1, estimated revenue, expenditures to November 1, and legislative appropriations, is that the budget is balanced as of May 31, 1935 and carries a surplus of \$5,500,851.

The first fiscal year of this Administration began June 1, 1931, with cash balances of \$65,529,364.89 on hand in the operating

funds, of which approximately \$39,000,000 was unencumbered and available for appropriation in all funds.

For the three fiscal years already completed, and the fourth now current, the actual and estimated receipts total \$657,227,-848.97. Cash balances on hand and receipts total \$722,757,-213.86.

Appropriation for all functions of Government, including obligations incurred before June 1, 1931, are \$717,256,362.00. If the income and outgo for the current year approximate the estimates, the total unappropriated cash balances in all funds on May 31, 1935, will be \$5,500,851.86.

This statement is made on the basis of appropriations as they now stand on the books. It includes all expenditures for relief which were made out of the General Fund. Action taken by the Legislature which has now met, five months before the end of the present fiscal biennium, will undoubtedly alter the estimates and the actual receipts and expenditures.

### **Financial Problem to the End of the Biennium**

The budget is balanced on the accounting assumption that all estimated revenue will be collected in this biennium.

While the budget is balanced as stated above, nevertheless great financial problems confront the incoming Administration. Included in the estimate of revenue which must be collected to keep the budget in balance on the basis of appropriations already made there is \$13,287,273 of liquor floor tax, of which amount only \$2,500,000 has been collected to date. The whole amount is payable finally December 31st of this year and therefore must be carried as receivable.

Included in the estimate of revenue also is \$3,500,000 of inheritance tax still due from the Dorrance Estate. This amount is held up by litigation and must, therefore, be carried as receivable.

Delay in collecting these items has entailed current financial difficulties in the Treasury, and so long as the delay continues the difficulties will continue also.

Relief from January 31st to the end of the biennium, if the present rate is continued, will require \$20,000,000; and old age pensions and pensions to the blind \$3,200,000.

The amount of relief Pennsylvania will be required to furnish after January 31 will be determined, however, by the policy of the Federal Government, and cannot be predicted now.

The State Government during my four years cost the taxpay-  
ers \$347,000,000 in General Fund appropriations as compared  
with \$355,000,000 under the previous Administration. This in  
spite of increases of \$4,000,000 in departments not under my  
direction.

The appropriations to the departments and institutions under  
my direction, including appropriations for construction and land  
purchase, for the four years of this Administration, are \$37,-  
000,000 less than for the previous Administration.

Of the increase during this Administration of nearly \$4,000,-  
000 in departments not under my control, the Lieutenant-Gov-  
ernor, Auditor General, and Treasurer spent over \$2,000,000,  
but a great part of this increase must be attributed to the  
tremendous burden of handling relief moneys through the finan-  
cial departments.

The money spent by the Legislature increased about \$1,000,-  
000, mainly because four special sessions to provide for relief  
had to be called. They were called when and only when they  
could not be avoided. These special sessions cost the taxpayers  
far less than if the previous regular session had appropriated for  
relief two years in advance on the basis of then existing needs.

Money for public schools, colleges and universities, hospitals  
and homes, mothers' assistance, and other necessary subsidies  
increased by nearly \$25,000,000.

This means that our State-aided educational and welfare insti-  
tutions have received better treatment than ever before in spite  
of the great depression and in spite of decreased revenues. One  
of the first duties of the Government is to provide for these  
needs. I am proud that we have increased our expenditures for  
such purposes.

The regular revenues from all General Fund income sources  
which were in effect at the beginning of the Administration  
yielded \$309,570,830. The same sources for the previous Admin-  
istration brought in excess of \$350,000,000. Thus in the four  
years the revenues from such sources shrank \$40,000,000 in the  
present Administration as compared with 1927-1931.

### **Relief Financing**

The great problem during this Administration has been to  
provide funds for the relief of the unemployed. Since April,  
1932, when the Supreme Court declared contributions by the  
State to unemployment relief to be constitutionally valid, \$87,-  
255,400 has been appropriated for relief from State funds.

From April, 1933, to March, 1934, the Federal Government carried 50 per cent of the relief burden. Since then it has carried 77 per cent, a share to which this State was properly entitled in comparison with other states. This increased contribution from Federal sources has saved the taxpayers of Pennsylvania, after deducting the cost of all the special sessions, \$32,000,000 in new taxes in the last eight months.

The Federal Government began its contributions in September, 1932, and to date has contributed \$153,896,939.

The total of State and Federal relief—\$241,152,339—is staggering, but it is not all. To get the total cost of direct relief in Pennsylvania in approximately 2½ years another \$20,000,000 from local districts must be added.

The great financial problem of this Administration has been to provide \$87,000,000 for relief, plus \$3,600,000 for relief debt service. This is how it was done:

The Legislature passed an emergency sales tax, the proceeds of which amounted to \$9,966,229. A bond issue netting \$25,066,-000 was approved by the people to repay funds necessarily taken from the General Fund for relief. The Legislature temporarily transferred \$14,591,376 from certain state funds to be used for relief.

These three items total \$49,623,605.

The State contribution to relief of \$87,225,400 with \$3,625,000 for debt service on the relief bond issue makes the total relief bill for my Administration and to January 31, 1935, amount to \$90,850,400.

If we take \$49,623,605 from this sum, there remains \$41,226,-795, which is the amount of relief money, unprovided for by special revenue, which had to be taken out of the General Fund and current revenues.

Had there been no necessity to use \$41,226,795 of ordinary revenues for relief, that amount, plus the present estimated General Fund surplus of \$4,623,621, or about \$46,000,000, would have been available for other purposes or left as a favorable balance at the end of this Administration. In other words, except for the unprecedented drain of unemployment relief, amounting to \$90,000,000, this Administration would have left to the next Administration a balance in the Treasury \$12,000,000 greater than the balance left to me when I took office.

It is clear that relief has been the great load on the General Fund.

The General Fund surplus so used for relief is the result of the drastic economy practiced during these four years, and it exists in spite of the \$40,000,000 reduction in revenue, and in spite of the fact that no new taxes other than liquor taxes have been imposed upon the people of Pennsylvania for regular governmental expenses. This may fairly be called a notable achievement.

### **General Fund Problems Ahead**

A total of \$157,500,000 in General Fund appropriations will carry on the work of the State Government for two years, in spite of the rising cost of food and supplies, if the same rigid economy which has been enforced by the present Administration is continued.

The debt service on the \$25,000,000 bond issue of 1933, and the \$50,000,000 soldiers' bonus issue of 1934, will require \$14,000,000 for two years.

Old age pensions and pensions for the blind will require an estimated \$25,350,000 for two years.

Of the \$14,400,000 borrowed from other funds by the 1934 Special Session for relief, \$13,650,000 is required by law to be repaid by December 31, 1935.

These four items total \$210,500,000, and do not include relief.

To meet these needs it is estimated now that all sources of revenue to the General Fund will yield \$128,500,000 for 1935-1937. To this may be added \$10,000,000 estimated profits from the operation of the State Liquor Stores, or \$138,500,000 in all of revenue to the General Fund.

If \$138,500,000 is subtracted from \$210,500,000, it appears that there remains to be found \$72,000,000 of new revenue for the coming biennium, not including unemployment relief.

### **Public Debt**

The public debt of the Commonwealth (Road Bonds) which existed at the beginning of the Administration has been reduced by \$12,381,048. Outstanding bonds less sinking fund were \$78,943,867 on January 1, 1931. On December 1, 1934, the bonds less sinking fund amounted to \$66,562,819.

During this Administration the voters approved a bond issue of \$25,000,000 for general governmental purposes, but used principally for relief, and another of \$50,000,000 for soldiers'

**bonus.** Two million five hundred thousand dollars of the \$25,000,000 bond issue has been repaid leaving \$22,500,000 now outstanding.

The total public debt less sinking fund is today slightly in excess of \$139,000,000. This includes all bond issues, and is insignificant as compared with many other States.

### **The Problem of Taxation**

The real problem of taxation concerns not the State but local governments. The State Government is an efficient operating unit. It compares favorably with the best modern business organizations. The inefficiency lies mainly in the local units of government.

In 1932 total revenue receipts of all counties, cities, boroughs, and other local units amounted to \$455,000,000, of which \$340,000,000 came from general property taxes. For the same year total revenue receipts for the State amounted to \$158,000,000. Thus the local units collected three and one-half times as much as the State.

But there is more to tell. In addition to the \$455,000,000 collected by local units, what the State collected went largely to local government functions.

Out of a total General Fund for 1933-35 of \$158,000,000, or \$79,000,000 for one year, 58 per cent, or \$91,460,000 for the two years, went for subsidies, which in reality are in aid of local districts, and reduce local taxation by just so much.

In addition to 58 per cent for subsidies, 19 per cent of the total State budget went to State welfare institutions. Here again State funds were spent to lighten the load on local districts.

These two together make 77 per cent, or \$127,000,000 of the total General Fund budget of \$158,000,000, which go to local units and would fall on local governments if the State did not provide these funds.

The fact is that three-quarters of the General Fund taxes levied and collected by the State are turned back to aid in meeting local government expenses. It is clear that the problem of the tax burden lies almost entirely with the local units of government.

## **Department of State**

Inadequate as Pennsylvania's election laws are, it has been the usual practice for the Department of State in previous administrations to ignore in a large measure the enforcement of these laws.

During the last four years the Department has made every effort to see that the parts of the election machinery under its jurisdiction should be strictly supervised. Election expense accounts were demanded in all cases and carefully scrutinized.

The voting machine act, by which voting machines were required in certain sections to prevent vote frauds, was vigorously enforced.

When I came into office the number of machines delivered in the State was slightly over a thousand. Now there are more than five and one-half thousand, with nearly 60 per cent of the voting population using or ready to use machines.

Large sums of money have been saved the taxpayers by this Department in eliminating useless legal advertising and by strict enforcement of the fictitious names act.

## **Department of Justice**

During this Administration the Department of Justice, under Attorney General William A. Schnader, was taken out of politics and put on a business basis. Improved and more economical methods were adopted in every direction, and the service of the Department to the people was greatly improved.

Rigid economy was put into effect and large sums of money were saved. The Department took an indispensable part in dealing with the problem of unemployment relief.

The burden upon the Department during these four years nearly doubled. The volume of litigation increased from 570 cases in the previous four years to 1,201, and the appellate cases from 84 to 159. Opinions rendered grew from 518 to 642. More than 200 bills were prepared for the General Assembly.

Collections by the Department reached the huge sum of \$29,000,000, or four times those of the previous four years, and the cost of collection was remarkably low, or only 1.1 per cent. They included \$14,000,000 from the Dorrance Estate, without which the Commonwealth's finances would have been in serious difficulty.

The Department also collected about \$6,200,000 from surety companies on bonds, and won every case it brought.

The banking crisis was the hardest and one of the largest and best handled tasks of the Department. The old fee system for attorneys engaged in liquidation was replaced by salaries, with the result that legal services for closed banks cost less than one-third of one per cent of the assets. At least half a million dollars were saved to depositors.

The Department struck a telling blow at a great evil when it secured one of the first, if not the first, conviction for third degree practices in Pennsylvania.

The entire procedure of the Board of Pardons was revised and simplified. Only 53 pardons were granted as against 406 in the previous Administration, but the Board granted 464 paroles. Every person paroled was provided with a job.

The Department prepared for the General Assembly the new Corporation Code, and the Banking and Building and Loan Codes. It also prepared a draft of an Insurance Code and a School Code, which were not enacted.

The Department of Justice has never been more effectively and economically administered.

### **Department of Public Instruction**

During this Administration not a single school in Pennsylvania has closed for lack of funds, although more than 20,000 schools have closed in other states.

We have ten per cent of the Nation's schools. Keeping all of them open was possible only because emergency funds of six and a quarter million dollars were provided for the purpose, and because of rigid economy enforced by the Department.

Economies recommended by it saved school tax payers more than \$20,000,000 in 1933. This represents a ten per cent reduction in one year.

The cost per pupil for 1933 was \$15.00 below the cost for 1932, and \$21.00 below that for 1929. Moreover, the teachers of Pennsylvania themselves contributed food and clothing to the value of several million dollars to keep children in school.

A temporary reduction of ten per cent in teachers' salaries had to be made to protect the teachers against greater loss. It put an end to a vicious practice under which many teachers were being required to make rebates to school boards.

During this Administration State subsidies to public schools administered by the Department reached \$126,000,000 compared with \$109,000,000 in the previous Administration. Four years

ago only 90 per cent of our 62,000 teachers had received full professional training. Today 99 per cent have had it. There is also an increase of more than seven per cent in teachers who are college graduates.

More than 90,000 additional pupils are now enrolled, compared with 1930. The increase in high school pupils was 130,000.

The Department organized, in cooperation with the State Emergency Relief Board, a system of adult education which enrolled 175,000 persons and gave work to 1,800 unemployed teachers. A program now under way will give work to three times as many.

The Department within eighteen days after the law was passed examined 59,000 applications and held Civil Service examinations for 33,000 applicants for positions under the State Liquor Board. Eight days later 1,300 employes were notified of their appointment. This almost impossible feat deserves high commendation.

The Department of Public Instruction was reorganized throughout during this Administration. It handled its departmental and institutional work with nearly 300 less employes and a decrease in annual salaries of nearly \$800,000, and did far more and far better work than ever before.

### **Department of Military Affairs**

The Pennsylvania National Guard is the best in the United States. It has long been a source of great pride to Pennsylvania and to me. I shall never forget the great review at Indiantown Gap last summer, or that it was the first time the 28th Division had been together since the War.

The Indiantown Gap Military Reservation, acquired during this Administration, is the finest in Eastern United States.

In July, 1933, I sent the 2nd Battalion of the 112th Infantry to Fayette County to protect the constitutional rights of bituminous coal miners against the Steel Trust. The strong friendship which the people of Fayette County developed for the Battalion is the best tribute to the way, without a blow struck or a shot fired, that difficult and dangerous duty was performed.

The Department distributed the \$50,000,000 soldiers' bonus with an efficiency unequalled in any other State. More than \$42,000,000 was given out to more than 300,000 veterans in record time, and the work of distribution was done by veterans.

Through the Veterans' Commission the Department has paid out over a million dollars in veterans' relief, and the State Athletic Commission has continued its careful supervision of boxing and wrestling. Its work is supported by the fees it collects.

The Department of Military Affairs was reorganized throughout in 1932. It has done much more work than ever before with no increase in force.

### **Insurance Department**

Pennsylvania's insurance companies came through the depression with flying colors. There were only 14 failures—most of them small concerns—in the past four years.

This reflects capable and sound business management of the insurance business in Pennsylvania. And it also bears testimony to competent supervision by the Insurance Department.

The insurance companies, associations, and exchanges operated in Pennsylvania pay into the State Treasury approximately \$6,500,000 a year in taxes. In addition to that, half a million dollars is collected in fees from agents, brokers, public adjusters, and others. In contrast, the entire cost of the insurance department has been only about \$1,150,000 for this entire administration.

In the past four years the Insurance Department has taken action on 19,160 complaints and has been able to adjust 18,510 of them without recourse to the courts. The claims adjusted involved \$1,092,601.65. This compares with 7,099 claims settled in the previous four years, involving \$372,701.45.

The Department examined 49,394 agents and brokers compared with 46,674 in the previous four years.

It is clear that the Insurance Department has had more work to do than ever before. This work has been done with an increase of five employes, but at a lower total cost in salaries.

### **Department of Banking**

The regular duties of the Banking Department include supervising 467 open banks and trust companies, the trust departments of 265 national banks, 27 private banks, and 3510 building and loan associations, with total assets approximating \$13,-000,000,000.

In addition during the present Administration the Department was responsible for managing and liquidating the assets

of 147 closed banks with \$500,000,000 book value appraised at \$227,000,000. Of this sum the Department has so far realized \$164,000,000.

The Department was also charged with the management of 30,732 fiduciary accounts with total assets of \$189,000,000.

By the exercise of sound business-like methods it converted frozen assets appraised at \$227,000,000 into cash to meet bills payable of \$52,000,000, secured and preferred claims of \$11,000,000, and cash payments to depositors totalling \$101,000,000. Of the \$101,000,000 in dividends only \$16,000,000 was obtained in loans from Washington.

The task of saving the banking structure of Pennsylvania from complete collapse drove the Department night and day and threw on it far more work than it had ever handled before. When this Administration began the banking system of the Commonwealth was on the verge of collapse. Immediately the condition of all banks was carefully examined and the Department proceeded to strengthen the weak points. Among other things it initiated a new system of evaluating investment securities which has been accepted throughout the country. Banks which clearly could not stand the stress were weeded out. Mergers were pushed and assistance was given to worthy institutions.

As a result Pennsylvania banks were in a relatively strong position when a breakdown of the banking system in other States led me to declare a banking holiday on March 4, 1933, to protect Pennsylvania banks against runs from outside the State. The national bank holiday followed on March 6th, and after that a gradual reopening of sound banks under the supervision of the Federal Reserve Bank officials and the Secretary of Banking. As a result of these moratoria 147 banks with assets of \$500,000,000 book value came under the direct supervision of the Secretary of Banking. The assets of these banks are being liquidated to secure the highest possible value without depressing the market. Every possible cent is conserved for the depositor, liquidation expenses are pared to the bone, and receivers are paid by salary instead of fees.

Rigid scrutiny of banks by the Department has uncovered more fraud in the past four years than in all other Administrations put together. Nearly 300 banking and building and loan officials have been arrested and prosecuted.

I regard the protection of depositors in Pennsylvania banks through the work of this Department as one of the greatest

achievements of this Administration. Never in the history of Pennsylvania has the Banking Department faced a more difficult task and never has so difficult a task been better met.

### **Department of Agriculture**

The Department of Agriculture costs the people of Pennsylvania nothing. It collects as much as it spends.

It assists the farmer in production and sees that the consumer gets clean and healthy food.

Because of the depression the work of this Department has increased enormously, but its work, often doubled and trebled over the previous four years, has been carried with sixteen per cent fewer employes.

The Department has brought Pennsylvania to the very front among the poultry breeders of the world.

Its work in eradicating tuberculous cattle, first begun on a large scale during my first Administration, now shows 96 per cent of our cattle, and 63 of Pennsylvania's 67 counties, entirely free from bovine tuberculosis.

This enormous benefit to farmers also means clean milk for Pennsylvania children.

The Department has doubled its meat inspection and its grading of fruits, vegetables, and canned products over the previous four years. Pennsylvania now stands first among the States in these respects.

The Department has brought the European corn borer and the potato wart under control, and is exterminating the gypsy moth. Its increased activity in dog control has done much to aid the sheep industry among Pennsylvania farmers. It conducts the State Farm Show, the greatest of its kind in America.

Cooperative marketing associations have gained 10,000 new members during this Administration, and the work of the Department in crop and live stock reporting, in live stock diagnosis, and in giving information to the farmers has doubled.

It has immensely increased the use of Pennsylvania wheat, especially among State institutions, and it has brought Pennsylvania apples to the top of the world market.

### **Department of Forests and Waters**

Pennsylvania now has by far the best regulated and protected State forests in America.

The Department has carried forest protection to the highest

point in State or Federal forests. It has controlled, through its organized forces of 50,000 trained fire fighters, an unusual number of forest fires, so that less acres in all were burned over and the average area per fire was reduced.

It has built 489 more miles of new forest roads, made 462 more miles of forest trails, in these four years than all other administrations put together.

It preceded all other States in cooperating with the Federal Government through the Civilian Conservation Corps, and has organized work for 20,000 young men.

Thanks to this cooperation, it has built 1,500 miles of fire-breaks, 1,200 dams to improve fishing, and 21 for recreation—the first ever built in our State forests.

Among its greatest services to the people is the construction of the Pymatuning Reservoir, to the immense advantage of the industries and the people of the Shenango and Beaver Valleys, and of fishermen and hunters for all time to come.

As compared with the previous four years, the Department has planted twice as many trees on the State Forests, built five times as many State forest roads, and six times as many forest trails, and has constructed nearly 600 buildings and 50 miles of new telephone lines.

It has expended five and a half million dollars of Federal funds in addition to its regular appropriations, and has carried this enormous increase of work, often amounting to five or six times the ordinary load, with less cost and fewer people.

### **Department of Mines**

The Department of Mines is responsible for a steady decrease in the number of mining accidents in both the anthracite and bituminous regions. For the four year period ending in 1930 there was one fatality in the anthracite field for every 158,373 net tons mined, and for the present Administration a fatality for every 191,000 net tons. In the bituminous field there was one fatality for every 343,045 net tons mined, and in this Administration a fatality for every 513,000 net tons.

This is a notable improvement. It has been accomplished in spite of a reduced force of mine inspectors and the unwillingness or inability of many operators to keep their properties safe.

The Department was aided in its good work by the new Bituminous Code which went into effect on October 2, 1933, and

by the amendment in the mining laws effective January 2, 1934, which put all mines employing two or more men under the law instead of only mines employing ten men or more.

In the anthracite region there have been no major accidents in which five or more men were killed since May 29, 1931. In the bituminous region there has been only one such accident since March, 1929.

With that one exception there has not been a major gas explosion for 76 months, or since August 13, 1928. For more than thirty years before 1929 the bituminous field had not operated more than 22 months without a major accident.

The bituminous region set a new record during this Administration when it mined 500,000,000 tons of coal in a period of 61 consecutive months without a major accident from explosion of gas.

### **Department of Highways**

The greatest road building achievement in the history of the world has been accomplished in Pennsylvania in the last four years. The Department of Highways has built or rebuilt 13,364 miles of highways. Nearly 3,000 miles of this huge total were on the old highway system, and over 10,000 are rural roads, to take the farmer out of the mud.

More good roads have been built in this Administration than in all other Administrations put together. Enough road has been built in Pennsylvania to stretch from New York to Los Angeles four times.

The State Highway System now has 35,387 miles, or more than double the total of four years ago.

The Department is maintaining 84,000 miles of roads, including township roads temporarily taken over. It keeps up more than 11,500 bridges. The township roads are now in better shape than ever before.

By taking over local roads the Department has saved local or real property taxpayers nearly \$14,000,000 in road taxes since 1931. The State has also taken over more than 600 miles of borough streets, 260 borough bridges, and 138 miles of city streets.

Many townships have been able to eliminate road taxes entirely, while others have greatly reduced them. The average road tax in second class townships was formerly about 10.7 mills on the dollar.

The Department is the outstanding work relief agency in Pennsylvania. It has at times employed nearly 80,000 hourly workers. All common labor on the highways was employed through the relief agencies and the State employment offices.

The Department has used as much common labor and as much local material as possible. More than 12,000,000 tons of local paving material has been laid down, with a large saving in cost and much local employment.

The Department has developed a low-cost road construction that has been copied throughout the country. These roads are built with local labor and local materials for \$6,000 to \$9,000 a mile. They are surfaced with an inexpensive bituminous macadam, and they have withstood far better than certain more expensive roads the severest tests of traffic and weather. They cost little to maintain, they are good throughout the year, and they are pleasant to ride on.

The Department has completed 137 grade crossing projects, eliminating serious danger to drivers. 18 new crossings are now under construction.

It has put up a new and modern system of warning and direction signs, unequalled in any other State, and more than 1,000 miles of modern types of guard rails.

Ten new brick and stone highway garages have been built in this Administration, and eight more are under construction.

The Department keeps open all winter nearly 12,000 miles on the old highway system, in addition to the most important rural roads. As soon as ice begins to form or snow falls to a depth of two inches, day or night, the maintenance forces are ordered out to plow and cinder the roads and make them safe for driving. More than 1400 miles of snow fences are in place to protect the roads from drifts.

The Department has a widespread system of road repair, which keeps the roads in first class condition. It maintains one of the best equipped material laboratories in the country for testing highway material, and has developed a thorough safety system for protecting its workers on the roads, so that compensation insurance rates for highway workers have been cut more than 35 per cent during this Administration.

The Department is active to beautify and protect the highways by plantings and by opening views. It issues accurate road maps, weekly detour bulletins, and general information to make the lot of every driver safer and pleasanter.

The Pennsylvania Department of Highways, thanks to its

energetic Secretary and highly trained staff, is beyond question the best in America.

### **Department of Health**

In spite of widespread poverty and hardship, the present health of Pennsylvania's citizens is better than has been for years.

The average death rate in Pennsylvania has dropped nearly nine per cent during the present Administration. Credit must be given in good measure to the educational campaigns and other efforts of the Department.

Communicable diseases, such as typhoid fever, diphteria, and small pox, have been cut down amazingly. Through the co-operation of the State Emergency Relief Board and the Emergency Child Health Committee, the Department has greatly increased its distribution of medical products for the control of contagious and other diseases.

The Department's sanitary engineers have given careful supervision to the CCC Camps, National Guard Encampments, construction camps, and other temporary dwellings.

The people of Pennsylvania owe it to the Department that they are drinking purer water than they ever did before. The water supplies of nearly 4,000,000 Pennsylvanians are now protected by filtration or chlorination.

A project most important to industries and public health along the lower Delaware River was the study of the salinity of the river, undertaken by the Department.

A preliminary report on this study shows that Pennsylvania industries and water supplies will be protected under the plan which Pennsylvania succeeded in having approved by the Supreme Court of the United States for impounding the water of certain upper reaches of the Delaware River.

Pennsylvania now has the basis to make certain that her industries and her people will not be injured by any new projects affecting the Delaware.

The Department has taken over the inspection of public bathing places, and has succeeded in purifying many streams from industrial pollution by the sealing of nearly three hundred mines and other measures to preserve our streams for health and enjoyment.

It has cooperated actively with the Emergency Child Health Committee to the great advantage of Pennsylvania's children,

more than 26,000 of whom have been examined for correctable defects in Summer-Health-Car Campaigns during this Administration, and for a time it distributed to children one million quarts of milk per week from the Emergency Milk Fund.

### **Emergency Child Health Committee**

The worst sufferers from the depression have been the children. About 42 per cent of all persons on relief are children—700,000 of them—under sixteen.

With the hearty and most welcome cooperation of the Medical Society of the State of Pennsylvania and many other public-spirited citizens, the Emergency Child Health Committee was organized early in 1933. This Committee, under the direction of Doctor Samuel McC. Hamill, has set up local committees in fifty-odd counties of the State, has made approximately 73,000 health examinations of children, has secured the correction of innumerable defects, has conducted a State-wide campaign to teach mothers how to feed their children, and generally has inaugurated and carried on a piece of work of the utmost value both to the present and the future of Pennsylvania.

I know of no other State in which the medical profession has so liberally and unselfishly attacked the great human problem of lifting the physical level of our children and therefore of our whole people.

### **State Police**

In morale and efficiency, in intelligence and courage, the State Police force of Pennsylvania is unequalled anywhere.

During the past four years, the officers and men of the force have worked day and night, tirelessly and faithfully, under an unprecedented burden of work. Besides the enormous amount of duty required by industrial disputes (in which the State Police have won the confidence of all sides), business depression, marches of the unemployed, and increase in crime, the requests for investigations and help have nearly doubled over the last Administration. Thirty per cent more investigations have been made and six thousand more arrests.

In spite of the wide epidemic of vicious kidnapping throughout the country, Pennsylvania has not had a single case. The chief reason is that criminals have a wholesome respect for the Pennsylvania State Police.

The State troopers are all carefully trained at troop schools,

and at the central school, in all the branches of crime detection and the handling of criminals.

The efficiency of the force has been greatly increased by the use of experts and scientific instruments in crime investigation.

A teletype system has been widely expanded during the past four years so that a network of police information can now be spread over the State in a few seconds.

Experiments with police cars directed by radio are now being carried on with a view to fighting crime through the air.

I think it has been more clearly proved than ever in these past four years that centralized, non-political police forces are the best possible protection against crime.

### **Department of Labor and Industry**

The Department made the first State survey of unemployment in America. Pennsylvania is still the only industrial State with accurate information on unemployment. Its figures show that in January, 1932, 27.3 per cent of the working population were totally unemployed, in March, 1933, 37.1 per cent, and in October, 1934, 24.6.

In 1930 the State Employment Offices had over 100,000 registrations and placed 30,000 workers in jobs. In eleven months of 1934 these same offices handled nearly 570,000 registrations and placed 290,000 workers.

All positions in these offices have been put on the merit system, and are now filled by competitive examination.

Industrial accidents do not decrease as less workers are employed. Protection against accidents is more necessary in a depression. The Department discovered that the depression at its height closed only five per cent of Pennsylvania's industrial establishments, and that two-thirds of Pennsylvania's workers worked in industrial danger zones.

In spite of the outstanding record of the Department in settling strikes during 1931 and 1932, the Legislature abolished its mediation work in 1933, at a time when ten times more persons were involved in industrial disputes than the year before. This action was well-nigh disastrous.

Later the mediation service was restored. In eleven months of 1934 it settled 224 industrial disputes, involving 114,000 workers, as well as thousands of cases of employes who had been unable to collect their wages. Employers and employes alike are vitally concerned in keeping the Bureau of Mediation at work.

## **Sweat Shops**

The breakdown of industrial standards in the depression hit women and children hardest of all. Many women were found to be working 50 and 54 hours a week for one, two, and three dollars, and large numbers of fourteen and fifteen year old children were employed when one-third of the adult workers were seeking work.

Cornelia Bryce Pinchot first called State and Nation-wide attention to the terrible conditions of Pennsylvania sweatshops by her investigation of the needle trades. Her work brought on a legislative investigation which pointed out the crying need for minimum wage and maximum hour laws and the complete elimination of child labor. The General Assembly failed to act on the report of its own committee.

A commission of experts appointed to study occupational diseases in Pennsylvania industry submitted a very noteworthy report, which will be laid before the General Assembly. In that connection a laboratory was set up to ascertain the poisonous quality of industrial gases, fumes and dust.

Both the difficulty and the necessity for the rehabilitation of the disabled were increased by the depression. The registered case roll grew from 1,776 in January, 1931, to 4,223 in January, 1934, and more than 4,500 disabled persons from the rolls of the County Emergency Relief Boards were added in 1933.

During this Administration the Department has guaranteed to assist many thousands of injured workers and dependent widows to secure their compensation benefits. Its check of 25,000 small employers showed that over 12,000 have been violating the Workmen's Compensation Law.

In spite of the great increase in the Department's work, the amount of money appropriated to it has steadily decreased.

The burden upon the Workmen's Compensation Board and referees has increased about one-third.

The State Workmen's Insurance Fund was completely reorganized. It has withstood the depression without a dangerous depletion of surplus and expects to declare a substantial dividend on the business of 1933 and 1934.

## **Investigation of Industrial Police**

Last spring I appointed a committee to investigate industrial police in Pennsylvania. They made a thorough-going study of company-paid deputy sheriffs and of the Ambridge riots. Their

report rightly condemns all private police, and recommends the abolition of company-paid deputy sheriffs, the repeal of the old Industrial Police Act, and more authority for the State Police in time of serious trouble. The Commonwealth is in the debt of this able and fearless committee.

### Strikes

A new method has put Pennsylvania at the head of all the states in dealing with industrial disputes.

During this Administration Pennsylvania has had less industrial violence in proportion to the number of her workers than any other state in the Union. The new method consists in recognizing the constitutional rights of the workers and co-operating with them to keep the peace, instead of the attempt, hitherto so common, to assist the employers in beating them into submission.

During this Administration the forces of the Commonwealth have been used not only to protect the property of the employers against violence as heretofore, but also to protect the workers against violence from the employers.

When, during the summer of 1933, the United States Steel Corporation, in its captive coal mines in western Pennsylvania, undertook to force the miners into submission by shooting them down with company-paid deputy sheriffs, for the first time in the history of the United States a Governor sent the National Guard to protect workers in their rights, and to keep the peace.

Both the National Guard and the miners conducted themselves in a way to deserve the highest praise. Violence ceased at once, even though the Steel Corporation persistently refused to recognize the rights of the workers guaranteed to them by the laws of the United States.

The same principle was used in the threatened steel strike. It was finally averted by State and Federal mediation, and a National Steel Labor Relations Board was set up to give the workers their rights.

During October of this year 150,000 textile workers in more than 10,000 plants in Pennsylvania went out on strike. In other states, in that strike, at least 14 persons were killed. In Pennsylvania there was but one killing, allegedly by a deputy sheriff.

Throughout these labor disturbances there has been, so far as I know, not a single killing by a union worker. The only killings were by company-paid deputy sheriffs.

During these four years I have sent the State Police into regions of industrial disturbance only on the request of the sheriff. I have had far more calls for the State Police from the workers than from the employers.

The State Police, of whose conduct I cannot speak too highly, have enforced the right of the workers to peaceful picketing. They have commonly had the cooperation of the workers in keeping the peace. The workers used to call the State Police "Cossacks." Now they know them to be impartial.

Industrial disturbances in Pennsylvania have often been the very worst in the Nation. The policy of cooperation with the leaders of the workers for keeping the peace resulted in an almost incredible absence of violence during this highly critical time. It proved itself sound.

### **Department of Welfare**

On no Department has the depression laid a heavier burden than on the Department of Welfare. Its assistance in dealing with the problem of unemployment relief at the beginning of this Administration was invaluable, and it has been in close touch with it throughout the four years.

The central purpose of the Department is to promote social security in Pennsylvania, and it has made real progress toward that great end.

The Department supervises the work of the Mothers' Assistance Boards, which have received \$8,230,000 during this Administration, or \$2,730,000 more than in any previous Administration. It is a high compliment to the Mothers' Assistance Boards that old age assistance and pensions for the blind are administered under their direction.

The first payment of old age assistance will be made tomorrow, and approximately 38,000 aged indigent Pennsylvanians will be entitled to receive assistance in 1935. Pensions for the blind became effective last June and nearly 4,000 blind persons are now receiving more than \$90,000 a month from the State.

The Department has handled the institutions under its charge in a way to deserve the highest praise. The increased service demanded from these institutions, chiefly because of the depression, is 11 per cent, but the Department has succeeded in reducing the per capita cost by 13½ per cent. It is an achievement of real importance.

The Department has met and handled an increase of 5,000 patients in mental hospitals. Its community service, unique in the field of national public welfare, has had supervision of over 60,000 inmates of child caring institutions, almshouses, hospitals, and homes.

In dealing with prisoners the Department's purpose is "to convert convicted violators of our laws into self-respecting productive citizens who will represent an asset rather than a liability to the taxpayer and the State." It does not regard a prison as an institution maintained merely for punishment but sets the reconstruction of its inmates as the primary task. It has made every effort during this Administration to educate and prepare inmates for good citizenship upon their release.

### Probation

In the summer of 1933 I appointed a committee of experts to study probation in Pennsylvania, and to recommend a desirable program for the State. That committee has done great service in its study of the problem, in promoting public discussion, and in recommending educational and legislative measures to make probation a really effective measure in preventing and combating crime. The committee's report will be submitted to the General Assembly, and I recommend its careful consideration.

### Department of Property and Supplies

During my first Administration the Department of Property and Supplies was reorganized, modern business methods were introduced, and politics were eliminated. The same policy was revived and continued in this Administration, and still further economics and efficiencies put the purchasing and construction work of the State on a high plane.

The Bureau of Standards was organized to secure for the Commonwealth the best quality of goods at the lowest prices.

Savings in salaries amounted to \$266,000 a year for the four years, and in rents to \$153,000 for the past year and a half.

The Department has conformed to the requirements of NRA, and by my order has refused to purchase outside of NRA. The cost of purchasing has been reduced to a little over half a cent per dollar expended.

During the present Administration State cars have been confined to State business. They have been driven a total of nearly

50,000,000 miles, or 50 per cent more miles than in the previous Administration. They were operated at an average cost of two cents a mile while under the previous Administration the cost was two and six-tenths cents a mile.

An actual saving of some \$135,000 was achieved, in spite of an increase of some 3,000,000 miles traveled, in the first biennium of this Administration. Barely half the money was spent for new cars and trucks in the first two years of this Administration compared to the previous biennium. A similar saving is being made in this present biennium, both in operating costs and the purchasing of cars and trucks.

The Bureau of Publications, with the cooperation of the Budget Bureau and the various departments, has reduced printing costs by standardizing forms throughout the Departments, and has saved nearly \$150,000 by strict supervision of printing and by cutting out costly reports.

### State Art Commission

The State Art Commission has done great work in raising the standard of designs of public works in Pennsylvania, and cutting down the proportion of unsightly buildings and projects.

Nearly 2,000 designs of buildings, bridges, and monuments, involving the expenditure of nearly \$79,000,000, have been handled by the Commission.

I know of no other State which takes such care of the artistic side of its projects as does Pennsylvania.

### Department of Revenue

The Department of Revenue has made a most remarkable record in tax collection during these years of depression. It is the rule that in hard times tax delinquencies increase rapidly and the cost of collection rises. In the past four years, however, the Department has reduced tax delinquencies to less than one-third of the amount when this Administration began, and the cost of collection has been unbelievably low.

It has practically eliminated tax evasions and bootlegging in the collection of the liquid fuels tax, including over a billion gallons of gasoline sold yearly in Pennsylvania, has added at least a million and a half to the annual revenue of the Commonwealth, and has saved legitimate business from the competition of tax evaders.

The efficiency of the Department acting under law advocated

by this Administration has cut the cost of collecting this tax from 2.3 per cent to three-fourths of one per cent. This is low for any tax. The cost of collecting the mercantile tax, not under my control, amounts to nearly 20 per cent.

When the General Assembly passed the Emergency Relief Sales Tax the Department collected it at a cost of 1½ per cent. It also, through its foresight and activity, began to collect the beer tax on the very day it went into effect.

More than \$560,000,000 of State revenue has been collected directly by the Department in these four years. Counting in all possible costs, each tax dollar was collected for a cost of less than two cents. Few States have approached and no other State has been able to surpass this record in the past four years.

During this Administration, thanks in part to the introduction of machine accounting, the handling of tax accounts has been so speeded up that they are under daily control, to the great advantage of taxpayers.

Without the prompt and vigorous work of the Revenue Department, the Highway Patrol, and the State Police, the set-up of the State Liquor Board and the proper licensing of liquor sales could never have been accomplished in the amazingly short time in which it was handled.

One of the greatest modern dangers is reckless and drunken driving. The Highway Patrol and the Bureau of Safety have made Pennsylvania's record among the best in the country. Real improvement has been achieved in spite of the enormous number of cars in Pennsylvania and the presence of trucks on the highways on Sundays and holidays.

The Highway Patrol is an admirable and most necessary body of men, wholly free from politics. Its work has nearly doubled during this Administration.

The State Aeronautics Bureau has been turned over to this Department as a matter of economy, with no loss but an increase in its former effectiveness. It will be more and more useful as time goes on.

### Fish Commission

During these four years the Fish Commission has planted nearly twice as many fish as in the previous four years—more than two billion, to the value of over three million dollars. It has surveyed all the waters of the State. It has resumed distributing brown trout. It has learned how to grow trout at the rate of a pound a year.

The Commission has established *The Pennsylvania Angler*, which is of immense value in arousing the right spirit among fishermen. But its most important achievement is the inauguration of stream improvement in Pennsylvania.

The Commission has made a comprehensive study of stream improvement, and already through its efforts hundreds of miles of streams are being improved throughout the Commonwealth. On Spring Creek in Centre County it has established a complete stream improvement project where fishermen are allowed not only to study the improvements, but also to catch large trout on artificial lures and barbless hooks, although only a limited number may be killed.

The effect of the stream improvement work of the present Commission will be to multiply the producing and carrying capacity of Pennsylvania streams and thus change the steady deterioration of the past few years into steadily better fishing.

This is the greatest achievement of the Fish Commission since it began. It is of the first importance to Pennsylvania fishermen. In this work Pennsylvania leads all the other states.

### Public Service Commission

The Public Service Commission used to be the cat's paw of the corporations. It is now squarely and vigorously on the side of the people. It used to wait for complaints. Now it acts constantly on its own motion to protect the interests of the consumers.

During these four years it has secured not only the largest reduction in utility rates in the history of the Commission, but larger than any other Public Service Commission in the United States.

Most of this reduction, which amounts to more than \$7,000,000 a year, was secured by the method of informal conferences with the public utilities—a method first devised and put in action by the present Public Service Commission, and since adopted by the President of the United States in his current effort to secure lower utility rates for the people.

The present Commission has established six as against seven per cent as the proper rate of return for public utilities. When rate reductions cannot be secured by the conference method it has brought suit against such utilities as the Duquesne Light Company of Pittsburgh, and the Scranton-Spring Brook Water Service Company, believed to be the largest water company in the United States.

It has reduced tolls, as in the case of the Clarks Ferry Bridge, from 25 cents to 5 cents. It has regulated the trucking business, broken the taxicab trust in Philadelphia, and successfully carried through the Supreme Court of the United States a litigation which will result in restoring to Pennsylvania a yearly business of ten million tons of bituminous coal. It has secured reductions in freight rates on coal and limestone alone worth a million dollars a year to the people.

The Commission has handled more work in the interest of the public than ever before, and the growing confidence of the public in the Commission is indicated by the fact that during the past four years the number of informal complaints against utilities received was three times the number in the previous four years.

The Commission was for many years the servant of the utilities. It is now the servant of the people. This change followed my appointment of five members of the Commission. I believe it will be permanent.

### **Game Commission**

Every year more than half a million Pennsylvanians go hunting. Yet in spite of this tremendous annual attack upon our game, Pennsylvania remains the best game State in the Nation.

More hunters' licenses will be sold this year than in any other year except 1931.

The Commission in this Administration has increased the acreage of public shooting grounds from 212,000 acres in 1931 to 453,000 acres today. It has added 79 game refuges, covering 24,000 acres.

The Pennsylvania Game Refuge System is everywhere conceded to be the best in America.

The Commission has waged incessant warfare on hunting accidents, so that in 1933 the accident rate was the lowest since 1913.

The State Game Farms have set in this last year production records for ringneck pheasants, bob-white quail, and wild turkeys never before attained by public or private game farms.

The Commission has established a training school for game protectors which has greatly increased the efficiency of its work. It employs three full-time lecturers to carry the message of game conservation, and it has continued its close cooperation with the hunters of Pennsylvania, the most public-spirited body of sportsmen in any State or Nation.

## Liquor Control Board

The Pennsylvania Liquor Control System is recognized as by far the best in the United States.

The Liquor Control Act, thanks to the cooperation of the State Government, has been handled with unparalleled efficiency. It became effective November 29, 1933; the Liquor Control Board was organized December 1st; and on January 2, 1934, 63 stores and five warehouses had been selected, remodeled and equipped, manned with employes selected by non-political Civil Service examinations, and were in full operation. By the end of January the number of stores was 233.

There are now 270, employing 1285 persons, with 322 more in the Board's office at Harrisburg.

By December 6, 1933, the Board was ready to examine applications and issue licenses to retail dealers. Within a year nearly 12,000 licenses had been issued.

To keep politics out of the liquor business was the basic reason for establishing the State stores. Accordingly all employes of the Liquor Control Board are selected by examination. This was the first legally authorized introduction of the merit system in the State Government of Pennsylvania. It has kept the State Stores System entirely out of polities.

A \$2.00 per gallon floor tax was levied upon all liquor in storage at the date of repeal of the Eighteenth Amendment. Under an agreement necessary to avoid a lawsuit which would have held up all payments indefinitely, this tax is collected only as the liquor is disposed of through the State stores.

The revenue paid to counties and school districts from retail licenses was \$2,719,112.50. The special session of 1934 transferred all money due municipalities to relief.

Liquor sales for the first year from the State Liquor Stores System were about \$40,000,000, and the net returns to the State about \$5,000,000 in profits and \$2,600,000 in floor tax collections, or a total of \$7,600,000, all of which goes to unemployment relief or to pensions for the blind.

Hereafter the State Stores may be expected to produce a yearly profit of far more than the rate of \$5,000,000.

The work of enforcing the law has been heavy and hard. To date the enforcement officers have confiscated more than 25,000 gallons of liquor and have secured 426 convictions as against 91 acquittals.

The State Stores System has cut bootlegging in Pennsylvania

drastically. It will be reduced still further if the Board is given more effective control over the manufacture and sale of alcohol.

It would be the height of folly to do away with a system which has produced such remarkable results in so short a time.

### **Milk Control Board**

The Milk Control Board is less than a year old. In that time it has stabilized the milk business, prevented disastrous price cutting, averted dangerous milk wars, and increased the yearly income of Pennsylvania farmers by about \$12,000,000, with no substantial increase to consumers.

The Board has eliminated many of the vicious practices produced by the domination of the Milk Trust. It has replaced the unfair "basic surplus" plan by the "base-utilization" plan, under which a dealer must pay for milk in accordance with the use for which he sells it, to the great advantage of the farmer.

In other words, milk bought for fluid use must bring the farmer the higher fluid price. Milk used for other purposes must bring the farmer the corresponding price. That is fair all around.

The Milk Control Board requires milk dealers to post bonds as security for payments to milk producers, and now holds such bonds to the amount of \$2,246,608.

More than 80,000 Pennsylvania farmers produce milk for sale. Of these about 50,000 receive more than 40 per cent of their whole farm income from milk. The total farm investment in dairying is more than a half billion dollars.

The Milk Control Board has saved the dairy industry of Pennsylvania from the collapse that was imminent when the Board was created. It is doing its difficult work well.

### **Planning Board**

At the beginning of this Administration the Greater Pennsylvania Council was appointed to study Pennsylvania, her resources, and her development. Its purpose was to plan the way to a healthier, happier, and more secure existence for every man, woman, and child in the State. The Legislature killed the Council in 1933.

Last summer Federal cooperation made possible a State Planning Board without State appropriations. Similar action has been taken by 40 other States. The appendix to this mes-

sage contains an account of the Board's preliminary findings and recommendations. The full preliminary report will be transmitted to you under separate cover. This report should lay the foundation for long time planning in Pennsylvania. I recommend strongly that you give it your careful attention.

Twelve of our counties had a smaller population in 1930 than in 1900. Changes in the standards and conditions of living even within the last four years show beyond question that the orderly progress of our State is impossible without intelligent planning.

I am gratified to see that many of the measures I have advocated for the welfare of Pennsylvania are contained in the recommendations of the Board.

### In Conclusion

This is the seventh time in my present term I have had the honor of delivering the Governor's message at the opening of a legislative session. It is the seventh time I have had the real pleasure of welcoming the General Assembly to the State Capitol.

This time, however, I shall not be able to enjoy the association with you which has usually been so delightful, always so interesting, and sometimes so exciting, in the past. I cannot help but regret it deeply. The Constitution of the Commonwealth, however, wisely stands in the way.

I would like to express to you, and to the Senators and Representatives who were formerly but are no longer here, my very warm appreciation for many courtesies and much cooperation.

If the last four years have been the most strenuous, they have also been the most fascinating of my life. I leave the Governorship, its duties, its trials, and its associations, with profound regret.

I would like you to know that I complete my service with malice toward none, with charity for all, and with a deep sense of gratitude, affection, and respect for the people of Pennsylvania that will endure as long as I live.

As I retire from public office at the end of my second term as Governor, I earnestly desire that the people of Pennsylvania may realize from the incoming Administration all they hope from it; that the next four years may be spent by the people of this great Commonwealth in peace and renewed prosperity; that the black cloud of domination by monopoly and concen-

trated wealth may be lifted from their lives; and that the depression, which has darkened our way for the last four years, may vanish altogether. May it be replaced by more happiness, more comfort, and a brighter outlook than the men, the women, and the children of Pennsylvania have ever known before.

Lifford Pielot

# **Appendix**

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**Reports of Departments, Boards and  
Commissions**



# **State Emergency Relief Board**

**ERIC H. BIDDLE, Executive Director**

To the Governor:

Herewith is a brief report of the State Emergency Relief Board since its creation.

The State Emergency Relief Board of Pennsylvania came into existence by the Acts of August 19, 1932.

Including the first Talbot Act appropriation of \$10,000,000 expended before this Board was created, there will have been made available to December 31 of this year \$241,000,000 in State and Federal funds.

## **Early Relief Steps**

Long before the State Emergency Relief Board was established, Pennsylvania had been active in preparing to meet the problem of caring for the unemployed.

The economic catastrophe which in October, 1929, burst over the country had been preceded by a stream of unemployment that had been steadily increasing.

In the months following the stock market crash it became apparent that industry had suffered a severe dislocation and the nation was faced with an economic problem worse than any heretofore experienced.

Up until October 10, 1930, response to the unemployment situation had been local rather than State-wide. On that date, Gifford Pinchot, Republican candidate for Governor, appointed a Pennsylvania Committee on Unemployment.

In appointing the Committee, Mr. Pinchot wrote in the letter of invitation to its members:

"I suggest that the following memoranda among others deserve your attention:

- "1. Seasonal fluctuation in demand for work.....
- "2. Employment agencies.....
- "3. Unemployment due to changes in markets and manufacturing methods.....
- "4. A planned program of public work.....
- "5. Stabilization of incomes during periods of unemployment....."

## *Appendix—State Emergency Relief*

This committee's report was transmitted to the Legislature in February, 1931. Recommendations regarding relief were dealt with casually by the report.

On July 6, 1931, Governor Pinchot appointed a committee of seven members which came to be called the Governor's Planning Committee on Unemployment Relief.

The report of this committee recommended a more thorough study of the situation and went a long way toward proving the case for the need of State aid for unemployment relief.

The difficulty in this, however, lay in Article 3, Section 18, of the Constitution of Pennsylvania which provided that:

"No appropriations except for pensions or gratuities for military service, shall be made for charitable, educational or benevolent purposes, to any person or community, nor to any denominational or sectarian institution, corporation or association."

### **Governor Demands Federal Aid**

Here seemed an insuperable obstacle. Governor Pinchot, in an address delivered August 13 1931, before the Mayor's Unemployment Committee in Detroit, Michigan, said:

"Pennsylvania is prevented by a clause in its constitution from incurring debt beyond a million dollars. It would require a Constitutional Amendment to let us borrow, and that takes several years.

"Then why not call a special session of Legislature and appropriate? Again the Constitution. Under it we cannot appropriate for such a purpose. I am profoundly sorry that I must admit it, but so far as money goes, Pennsylvania as a Commonwealth is almost helpless to assist.

"Many other States are in the same predicament. Many doubtless, as we do, have in their Constitutions clauses which in effect forbid the appropriation of State money for the purpose of relieving private distress.

"The fact is that the only power strong enough and able to act in time, to meet the new problem of the coming winter is the Government of the United States. This is a National emergency. It is a National calamity as well. The Nation must help to meet it."

The Governor's Planning Committee, of which Horace Forbes Baker, a Pittsburgh attorney and welfare leader, was chairman,

## *Appendix—State Emergency Relief*

recommended that the Governor call a special session of the Legislature, that \$20,000,000 be considered by the Legislature as an appropriation for unemployment relief, and that the Governor cause to be created a corporation for unemployment relief to which appropriations by the Legislature could be made.

The Attorney General, however, held that such procedure would be unconstitutional.

### **First Relief Session**

On October 31, 1931, Governor Pinchot issued a call for a special session of the Legislature to convene on November 9.

In his message to the Legislature on November 10, he pointed out that under the Constitution that body could not make appropriations providing directly to unemployed persons and their families, food, clothing or shelter and that, moreover, they could not be made to any county, city, borough, or other political subdivision of the Commonwealth nor to a State agency, nor could they be made to welfare agencies incorporated or unincorporated, that in short, money of the State could not be used for direct relief and it was the duty of the Commonwealth to protect its people in some other way.

The Governor then outlined a plan for a Prosperity Bond Issue—State bonds to be issued at once although the issue could not be legally ratified until the adoption of a Constitutional Amendment by the people in the Fall of 1933.

The plan involved:

“.....the creation of a State Commission on Unemployment Relief to consist of five persons serving without salary, who will solicit contributions or subscriptions, supervise their expenditure, cooperate with local relief organizations and assist the departments of the State Government in relieving distress. The money subscribed will be used where needed without constitutional or other restrictions, except that none of it will be given as a dole in any form.

“It is proposed that all money subscribed to the Commission shall be repaid by the State, with interest at four per cent, out of the proceeds of Prosperity Bonds provided for in a joint resolution proposing a Constitutional Amendment which is before you. This resolution, if passed at the present session, will

## *Appendix—State Emergency Relief*

be presented to the next regular session and, if there approved, will be submitted to the people in the Autumn of 1933."

"I have been assured," the Governor wrote, "time and again that the people of Pennsylvania—and especially those who are well off—would refuse to come forward and subscribe funds that are so urgently needed for the relief work of the Commonwealth. I decline to believe it. On the other hand when I pointed out the imperative need for Federal assistance, it was asserted from many sources, public and private, that Pennsylvania would take care of her own. Very well—here is the opportunity to make these assurances good."

On November 24 a public hearing on the question of State-wide unemployment relief was held before members of the General Assembly. The need of State unemployment relief was proved at this hearing. The question next arose as to how much relief could constitutionally be made available.

Attention was focused on necessity for action in the matter by the action of two adjoining states—New York in September, 1931, leading the way with an appropriation of \$20,000,000 to be administered by a temporary Emergency Relief Administration, and New Jersey a month later with legislation enacting an Emergency Relief Administration headed by a State Director of emergency relief.

### **First Talbot Act**

The Pennsylvania Legislature rejected the Governor's plan for a Prosperity Bond issue and enacted instead the first Talbot Act which was presented to the Governor for signature December 16, 1931.

The Act provided, among other things:

"That in the exercise of the police power for the protection of the public health, safety, morals and welfare threatened by existing conditions of unemployment, and in the assumption by the Commonwealth of its duty to the care of the poor, the sum of ten million dollars is hereby specifically appropriated to the Department of Welfare for payment to political subdivisions charged by law with the care of the poor . . . ."

The Governor, acting on the advice of the Attorney General, held that the Act was unconstitutional, refused to sign it and issued a statement in which he said in part:

## *Appendix—State Emergency Relief*

“The appropriation made by this bill is clearly for charitable or benevolent purposes. It is made for State aid to political subdivisions. A political subdivision is a community. Clearly the appropriation made by this bill is unconstitutional.

“My only course is to follow the recommendation of the Attorney General and let the Talbot Bill become a law without my signature.

“When this bill becomes a law, this administration will favor a prompt decision, because no money can be paid out under it unless and until the Supreme Court affirms its constitutionality. Until it does, the opinion of the Attorney General must stand. But the final decision will rest, not with him, not with me, but with the Supreme Court.”

The first Talbot Act became a law without the Governor’s signature on December 28, 1931. Because of the question of its constitutionality a friendly suit was instituted to determine this question.

### **Talbot Act Upheld**

On April 7, 1932, the Supreme Court, by a vote of four to three, held the Act constitutional. The opinion of the Court written by Justice John W. Kephart said in part:

“There is no direct prohibition against the use of state money to pay for the care and maintenance of indigent, infirm, and mentally defective persons, without ability or means to sustain themselves, and other charges of like nature. They become direct charges on the body politic for its own preservation and protection. As such, in the light of an expense, they stand exactly in the same position as the preservation of law and order ..... The expenditure of money for such purposes by the State is in performance of a governmental function or duty and is not controlled by the constitutional provision, if the purpose is to supply food and shelter to the poor, including those who are destitute because of enforced employment, provided only that the money be not administered through forbidden channels. ..... To hold that the State cannot or must not aid its poor would strip the State of a means of self-preservation and might conceive untold hardships and difficulties for the future.”

The first Talbot Act went into effect in April, 1932. The significance of this Act is that it resolved in the affirmative the much debated question of the State’s constitutional right to ap-

## *Appendix—State Emergency Relief*

propriate funds for the relief of the unemployed. It determined that there should be State participation in the provision of unemployment relief in Pennsylvania.

### **Poor Boards Handle Funds**

The method of distribution provided for under the Act was that unemployment relief funds should be administered by Poor Boards without State supervision. Pennsylvania's poor relief system established in 1882 has an ancestry that goes back to the days of Queen Elizabeth.

Emil Frankel's "Survey of Poor Relief in Pennsylvania" pointed out that with some honorable local exceptions the system was archaic in spirit and organization and grossly wasteful and inefficient in operation.

The \$10,000,000 of the first Talbot Act funds were allocated among the Poor Boards and to all intents and purposes were so much additional poor relief money to be administered by poor law officials. It is believed that in some poor districts there still exist unspent balances of the first Talbot funds.

No sooner had the first Talbot Act been put into operation than it was realized that the money appropriated therefrom would be insufficient to meet unemployment needs in the State for any considerable period.

### **Second Relief Session**

On May 26, the Governor held an unemployment conference in Harrisburg to discuss the situation. On June 2 he issued a call for a second Special Session which convened on June 27.

He pointed out to the Legislature that the estimated number of unemployed in Pennsylvania had now risen to 1,150,000 and that estimates indicated that at least \$60,000,000 would be required for unemployment relief throughout the Commonwealth within the year.

It was just at this time that Congress passed the first Federal Relief Act permitting Federal loans to States through the Reconstruction Finance Corporation for purposes of unemployment relief.

The stage now was set for the organization of the State Emergency Relief Board. Eric H. Biddle, Executive Director of the Board, in his Annual Report, "Unemployment Relief in

## *Appendix—State Emergency Relief*

Pennsylvania, September, 1932, to October 31, 1933," describes the formation of the Board and its organization for business in the following words:

"After a session of nearly two months, the General Assembly passed three Acts which became the cornerstone of Pennsylvania's structure of emergency relief as it has been built up since September 1, 1932.

"These three Acts were as follows:

"Act 51, often called the Woodward Act, provided for the establishment of a State Emergency Relief Board, consisting of five state officials, the Governor, Lieutenant-Governor, Auditor General, State Treasurer, and Speaker of the House of Representatives. The Board was charged with the duty of planning and adopting a comprehensive program for the expenditure by the Governor of Federal funds received from the Reconstruction Finance Corporation for unemployment relief.

"It was provided, in general, that the program should include:

"(a) an equitable allocation of funds among the counties on the basis of the relief needs and resources of each county;

"(b) the nature, character and location of public works to be constructed or improved by the use of Federal funds;

"(c) the method and manner of distributing direct relief and the public and private agencies through which such relief shall be distributed in various counties, and the manner in which private agencies shall be organized in communities where the same is deemed necessary; and

"(d) the co-ordination of the relief work carried on by the Governor from Federal monies and that provided for by any appropriation from the State's General Fund for unemployment relief, so that the best results may be obtained, duplication be avoided, and the available funds from all sources be extended over the longest period of time.

"This Act carried also an appropriation of \$55,400 for administration, \$35,400 of this to be spent by the Governor, \$15,000 by the Auditor General and \$5,000 by the State Treasurer for special expenses involved for those Departments.

### **Second Talbot Act**

“Act 52, usually called the second Talbot Act, was approved on the same date as Act 51. This Act provided: ‘That in the exercise of the police power for the protection of the public health, safety, morals, and welfare threatened by existing conditions of unemployment, and in the assumption by the Commonwealth of its duty to care for the poor, the sum of twelve million dollars is hereby specifically appropriated to the State Emergency Relief Board to provide direct relief and work relief. . . . . This amount was to be paid over during the seven month period, September 1, 1932, to March 31, 1933, as follows:

“1932	
“September	..... \$1,500,000
“October	..... 1,500,000
“November	..... 1,500,000
“December	..... 2,000,000
“1933	
“January	..... 2,000,000
“February	..... 2,000,000
“March	..... 1,500,000
	“\$12,000,000

“It was further provided that the State Board should make allocations from this State fund among the various counties ‘on a ratio that the estimated number of unemployed persons in the county bears to the estimated total number of unemployed persons in the entire Commonwealth, as shown by the latest available tables compiled and issued by the Department of Labor and Industry.’ Funds allocated to a county were to be available for either work relief or direct relief. However, the State Board was also authorized to allocate any part of a county’s allocation for work relief on the State highways, to be carried out under the supervision of the State Department of Highways.

### **Sales Tax to Raise Funds**

“A third piece of legislation, Act No. 53, the Emergency Relief Sales Tax Act, provided revenue for the purposes of the Second Talbot Act appropriation by levying an emergency sales tax of 1% on gross income from sales during the period September 1, 1932-February 28, 1933.

## *Appendix—State Emergency Relief*

“The first steps in the organization of the State Emergency Relief Board, taken during the twelve days following the enactment of these three Acts of August 19, have been thus described:

“Because of the urgency of the situation, the State Emergency Relief Board organized and took action almost immediately after the approval of the Act. During August, 1932, the State Board appointed in each county of the State a County Emergency Relief Board, consisting usually of seven citizens, serving without salary.

“On August 31, a meeting of the members of the County Emergency Relief Boards was held in Harrisburg, with the Governor presiding, and the task confronting the Boards was discussed.”

“The next day, September 1, 1932, Pennsylvania’s state-wide program of unemployment relief officially went into operation.”

Only twelve days intervened between the date of the approval of the acts of August 19 and September 1, when the appropriation went into effect. There was, therefore, little or no time for detailed planning and organization. The Board was forced to begin with a skeleton staff and expand from week to week, in fact, almost from day to day, to cope with the stupendous task which grew in size and responsibility as the days spread out ahead.

### **Relief Tasks Grow**

Just how that task has grown will be realized when it is considered that beginning with September, 1932, when food was the only type of direct relief granted, there followed in the same month allocations to the Department of Health for the distribution of milk. In the following month, fuel relief was authorized and in December these relief grants increased enormously and, in addition to fuel relief, purchases of shoes for distribution among the unemployed on relief was authorized.

In January, 1933, the fuel grants were increased. In March of that year, the Thrift Garden Program was inaugurated. In May a report of the study of transients and homeless in Pennsylvania was made. In June began the purchases of rubber footwear. In August a Bureau of Transients was established. In September the State Board assumed the distribution of milk. In August a standard food relief schedule was adopted and in November the purchase of clothing was begun. In the

## *Appendix—State Emergency Relief*

same month began the distribution of Federal Surplus Commodities and in December, a medical relief program was established, and there was added to the responsibility of the State Emergency Relief Board the distribution of Federal Surplus Fuel.

This year, beginning with April, began the allocation of emergency rent funds. Shoe repair and shoe repair shops were authorized, summer camps for undernourished children approved, a new rent relief program inaugurated, distribution of Federal Surpluses on cotton and cattle taken care of, and a very definite expansion in the Rural Rehabilitation Bureau authorized.

### **Ten Millions Per Month**

Relief expenditures in Pennsylvania during recent months have approximated ten million dollars per month. This large sum of money is expended in the form of several million orders monthly for food, milk, shoes, clothing, fuel, shelter, medical attention, and cash relief checks. Every single relief transaction involves the writing of an order or check, verification, mailing to relief recipient, recording, and payment.

In addition, careful investigation of each family's relief needs in each category must be made periodically by trained visitors. In spite of the tremendous volume of administrative detail involved in carrying on the relief program, total administrative costs represented only 6.2 per cent of total expenditures from September, 1933, to August, 1934.

The average weekly grant per family of five for direct relief increased from \$2.87 in October, 1932, to \$5.70 in August, 1934.

To carry out the tremendous burden imposed upon the administrative department of the relief board by its ever increasing responsibility, the staff of workers has been gradually expanded. Relief administration is today by far the largest single problem of the State Government.

A training program was inaugurated late in 1934 for the instruction of junior members of the staff.

The State Emergency Relief Program has had, to succeed and to progress, to plan for the future on a month to month basis.

Except when Legislative appropriations were made, or when a bond issue or borrowing carried relief work in Pennsylvania over a period of a few months, the entire program has been managed, developed, and worked on what at best was nothing but a hand to mouth basis.

## *Appendix—State Emergency Relief*

There seldom has been a time when the Relief Board knew how much money it was going to receive for the following month's work, or when it was going to get it. There was no opportunity for long range planning until the summer of 1934.

### **CWA Program Starts**

Preceding this, in November, 1933, Mr. Biddle was appointed the Federal Civil Works Administrator for Pennsylvania for the duration of that program.

Mr. Biddle, except for a few key men in his organization, refrained from utilizing the staff of the relief board to carry out the program of the Civil Works Administration, in order that that entirely new, unseasoned and overworked organization might be spared the demoralizing effects of imposing upon it the full weight of a vast new emergency program. In addition to the great demands imposed upon him by the relief program, he built up almost over night an organization in the sixty-seven counties to carry on the work of the Civil Works Administration.

This was purely a recovery program and while in some measures it materially aided persons on relief, at the same time it occasioned no great permanent reduction of the relief rolls in Pennsylvania since at most, at any time, only one-half of the state's unemployed are on the relief rolls.

Before the demobilization order on Civil Works Administration came in February, more than a million persons registered for employment on the Civil Works Administration program. In the peak week, there were some 319,000 persons who received employment. All told, more than forty-one and a quarter millions of dollars were expended in salaries and wages from November 23, 1933, to March 31, 1934, when the Civil Works Administration prorgam was abandoned to be succeeded by a relief work program, which is now coordinated with the State Emergency Relief Board.

With all of its shortcomings, most of them due to the speed with which it was organized and carried out, the Civil Works Administration program was a step in the right direction.

After April 1, 1934, the following principles were observed:

1. The State Relief Work Division planned the substantial completion of all of the remaining CWA projects in operation in twenty-three rural counties, as of May 31.

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2. No new projects were approved after March and very few after December last.
3. Projects in the districts where the unemployment factor was low were delimited as rapidly as possible.
4. In the remaining instances, projects were brought to a point where economic loss will not result if they were discontinued.
5. The period ending August 31 was used as a period for reorganization and careful planning for a work program which would extend to the Spring of 1935.

### **New Work Program**

On August 9, announcement was made that the new work program, to provide jobs for persons on or eligible for relief, was ready to be placed into operation by September 15 if Federal funds then would be available.

The program profited extensively by earlier experiences of the Civil Works Administration and its successor, the Work Division, in that all clashing of gears that characterized its earlier efforts and impeded their progress was reduced to a minimum.

Under the Civil Works Administration emphasis was placed almost entirely on speed in the organization. Under the new program there was time for planning and it was made known at that time that if Federal funds were available and the several political subdivisions in the State developed projects and provided materials and equipment that the State Emergency Relief Board stood ready to place in operation a plan that would provide employment for people on relief and a positive return to communities.

The new program, which provided for the employment of white collar persons in addition to skilled, semi-skilled and common labor, was built around persons eligible for relief. As specified by the Federal Emergency Relief Administration, persons eligible for employment on a Work Division project under the program were those eligible for relief at the time of referral and placement on the job.

All jobs under the program were in accordance with a ruling by the Federal Emergency Relief Administration assigned in conformity with the budgetary deficiency of the person em-

## *Appendix—State Emergency Relief*

ployed and the work given in units or hours necessary at the rate of wage paid to the worker to make up the deficiency.

This deficiency is determined by the Local Relief Division of the State Emergency Relief Board after the income of the family from any source, if any, had been subtracted from its standard minimum basic needs. The minimum need budget is arranged to meet requirements of families of varying sizes.

At the time the program was announced it was made clear that relief through work must of necessity be limited by the amount of Federal Emergency Relief Administration funds available and the cooperation received from municipalities and other political subdivisions.

### **Federal Aid Delayed**

While the new work relief program had been set up so as to be placed in operation by September 15, there intervened in the latter part of August one of the many unfortunate delays that through no fault of the State Emergency Relief Board or its executive administrative personnel, so often held up the program of Pennsylvania. This delay, as usual, was occasioned by the lack of money for relief purposes with the customary discussion on ways and means to obtain it.

The Governor of Pennsylvania was loathe to call a special session of the Legislature because of the expense involved and because there seemed no way that the Legislature could supply funds for relief purposes, there being a constitutional provision against borrowing the money. That would require a constitutional amendment.

Against this, Federal Emergency Relief Administration officials in Washington took the position that the State must do its full share and that until Pennsylvania indicated to the satisfaction of the Federal Emergency Relief Administrator that it intended to provide money for unemployment relief, Washington would do nothing.

Following a number of conferences with Federal Relief officials the Governor of Pennsylvania proposed that the leading candidates on Republican and Democratic party tickets then facing a gubernatorial election, together with the party chiefs of each group, should meet with him, Federal Emergency Relief Administrator Harry L. Hopkins and Mr. Biddle, at a conference at New York to consider a proposal to pledge Legis-

## *Appendix—State Emergency Relief*

lature of 1935, whether Republican or Democratic, to provide the necessary funds.

Democratic leaders and candidates refused to attend this meeting and later Governor Pinchot issued a call for a special session of the Legislature which convened on September 12 and appropriated \$14,400,000 by transferrals from various funds. In addition \$5,600,000 already provided by Act 66 of the 1933 Special Session was available.

In the administrative bills providing for the temporary use of money from other funds for unemployment relief, the Governor made it clear that he would sign no bill unless each act provided for the return of the money so borrowed. To this the Legislature agreed.

The new work relief program got under way about the first of October and by the ninth of November the sixty-seven counties in the Commonwealth sponsored and had approved 1,824 work projects, 840 professional projects and 65 educational projects, or a total of 2,729 projects calling for the employment of 108,946 men and the approval of expenditures for salaries and wages of \$25,083,042.02, exclusive of materials which wherever needed were furnished by the political subdivision in which the project was developed. By the 15th of December more than 107,000 persons were employed on Work Relief Projects.

The program, however, was nothing more than a relief program and as such, when compared with the Civil Works Administration, was manifestly a step backward in meeting a problem for which the only solution is work.

### **Problems Ahead**

A new Legislature will convene at the State Capitol in January, 1935. It will be faced with the task of providing for the normal expenses of operating the business of the Commonwealth. It will be faced with the necessity of providing money to repay about \$14,000,000 borrowed during the last special session for unemployment relief. It will be faced with the necessity—if Washington still insists that the states do their full share in providing for unemployment relief—of obtaining in one way or another the money for this purpose.

Poor Boards, counties, boroughs, cities of Pennsylvania are, many of them, not only at the limit of their taxation but are without authority to borrow and are indeed heavily in debt.

## *Appendix—State Emergency Relief*

Many have exhausted their borrowing capacity under the State Constitution.

The people of many communities in Pennsylvania have almost completely expended their powers of relief. The expenditure margins which have permitted help from neighbor to neighbor are gone. Credit is at a low ebb.

The situation in Pennsylvania can be duplicated in many other states throughout the Union. What then to do?

Relief, in itself, is solving nothing. It is but a palliative, not a cure. It feeds and clothes a man but does not go to the root of what made him an applicant to the local relief board.

### **Operation Detail**

The local administration of unemployment relief was handled prior to September 1, 1933, by a local executive Director and Advisory Board in each of the sixty-seven counties. Since September 1, 1933, forty-one counties have been merged into thirteen administrative areas, thus reducing the number of local administrative units to thirty-nine at the present time.

### **Relief Eligibility**

Relief is provided families whose needs arise out of the inability of the employable members to find employment sufficient to maintain themselves and their dependents.

The State Board expressed the following principles of eligibility for relief in a resolution passed on September 1, 1932:

1. All Relief shall be distributed on the sole basis of actual need to persons who have been residents of Pennsylvania as required by law, for one year, regardless of race, color, religion, citizenship, or politics.

Relief has not been limited to those cases where no member of the family is employed. A fairly substantial number of families receiving relief have some family income arising from part-time employment, full-time employment at low wages, or irregular employment at odd jobs. If income, as determined by investigation, is not sufficient to maintain the family on a minimum subsistence basis, relief grants are given as a supplement to the family income.

### **Trend in Relief Case Load**

The peak in the relief case load of the State Emergency Relief Board was reached in May, 1933 (Table 1). During that month an average of 449,743 cases received unemployment relief from State and Federal funds. From May, 1933, to January, 1934, there was a steady reduction in the number of cases on relief except for a slight rise in November, 1933. The low point in the number of relief cases in the period from May, 1933, to August, 1934, was reached in January, 1934, when an average of 288,136 cases received relief. This low point in the relief case load in January, a month when the relief load is usually at a high level is explained by the fact that employment on CWA projects reached its peak during that month.

From January to May there was a gradual increase in the caseload due to the slackening and final termination of the CWA Program and its replacement by the Work Division Program on April 1, 1934. By May, 1934, the number of cases on relief had risen to 349,000. Declines in the average caseload occurred from May to July. The August caseload of 334,000 was only slightly less than that of July but was approximately 116,000 cases less than the peak of 449,743 cases in May, 1933.

The above figures indicate conclusively that the CWA Program had a marked effect upon the relief caseload. Approximately one-third of the persons employed by the CWA were taken directly from relief rolls. Many additional families, whose number is unknown, would have been forced to apply for relief last winter if CWA employment had not opportunely been secured. It seems certain, therefore, that the potential relief burden last winter was at least as heavy as during the winter of 1932-33.

*Appendix—State Emergency Relief*

**TABLE 1**  
**Unemployment Relief Case Statistics**  
September, 1932—August, 1934.

Month and Year	Direct and Work Relief Programs		Homeless and Transient Program	
	Number of Cases Receiving Relief	Number of Persons Receiving Relief	Number of Cases Receiving Relief	Number of Persons Receiving Relief
(Average Number during the month)				
September, 1932 -----	146,959*	676,011*		
October -----	180,417	829,918		
November -----	240,048	1,104,036		
December -----	292,617	1,346,038		
January, 1933 -----	343,011	1,577,551		
February -----	391,163	1,799,350		
March -----	426,216	1,960,610		
April -----	440,819	1,975,152		
May -----	449,743	1,998,446		
June -----	443,709	1,940,085		
July -----	412,569	1,773,104		
August -----	366,856	1,576,856		
September -----	328,638	1,422,730		
October -----	319,885	1,361,142		
November -----	324,780	1,352,652	444*	698*
December -----	311,615	1,298,572	1,034	1,388
January, 1934 -----	288,136	1,117,145	2,162	2,714
February -----	295,500	1,191,452	3,544	4,280
March -----	304,566	1,230,604	4,938	5,801
April -----	343,995	1,386,300	6,556	7,532
May -----	348,960	1,406,956	8,322	9,390
June -----	341,342	1,365,943	10,036	11,189
July -----	334,903	1,335,463	13,520	14,853
August -----	334,096	1,325,993	16,511	18,058

\* Number at end of month.

In addition to the short-lived CWA program, other relief activities of the Federal Government have tended to reduce the caseload of the County Emergency Relief Boards. The Homeless and Transients Program started late in October, 1933, and a rapidly increasing number of cases, reaching a peak of 16,500 in August, received homeless or transient relief. Although some of these homeless or transient cases had not been granted relief previously by the local boards, a fairly large proportion had.

In the enrollment of youths in the Civilian Conservation Corps, members of families on relief or of needy families about to go on relief were selected. All the persons enrolled were required to send at least \$25.00 of the \$30.00 monthly pay to their families. This money when received by relief families is counted as a part of their income and their relief grants are adjusted accordingly. In many cases, the Civilian Conservation Corps payment was sufficient to remove the family from relief and to prevent other families from applying for relief. In March, 1934, the last month for which figures are available,

## *Appendix—State Emergency Relief*

16,094 Pennsylvania youths were in Civilian Conservation Corps Camps.

A large factor in the reduction of the caseload in the State has been the institution of a unified system of administration in the counties. Frequent investigation of relief needs by a paid staff of trained visitors has caused administration costs to rise, but the additional administrative expense incurred has resulted in conserving relief funds for those in greatest need by eliminating those cases ineligible for relief.

### **Average Relief Grants Per Family**

The most significant feature in the relief program under the State Board has been the constant progress toward more nearly adequate provision for the needs of the unemployed (Table 2).

**TABLE 2**  
**Average Monthly Relief Grant Per Case**  
September 1932—August, 1934

<i>Months and Year</i>	<i>Average Monthly Grant Per Case</i>
September, 1932 .....	(a)
October .....	12.70
November .....	14.07
December .....	16.12
January, 1933 .....	15.97
February .....	15.37
March .....	16.77
April .....	14.46
May .....	16.28
June .....	15.31
July .....	14.45
August .....	16.73
September .....	16.49
October .....	17.31
November .....	19.27
December .....	20.39
January, 1934 .....	20.80
February .....	20.70
March .....	25.46
April .....	26.87

## *Appendix—State Emergency Relief*

May .....	28.07
June .....	28.45
July .....	27.73
August .....	27.76

(a) First month of State Emergency Relief Board administration, average caseload not comparable with later months.

The trend in the average monthly relief grant per case has been upward throughout the two years the S.E.R.B. has administered unemployment relief in Pennsylvania. In October, 1932, the first complete month of operation, the average grant was \$12.70 per case. The largest average relief grant, \$28.45, was reached in June, 1934. Since June, the average grant has decreased slightly due to the curtailment in the work program.

The Rent Relief Program was operative in only one county before August 31, and in that county only on an experimental basis. With the extension of this program, it is to be expected that the average grants will increase still further.

Relief provided for families partially dependent upon relief, as well as that provided for families entirely dependent, was included in calculating average grants shown in Table 2. While many families are entirely dependent upon relief, others have some income from employment in private industry; others receive assistance from relatives or friends; and still others have resources to provide for a portion of their needs. Average relief grants represent a composite picture of the relief granted to all these groups. The average relief grant to those families entirely dependent upon relief is larger. Separate records are not maintained, however, for those entirely and those partially dependent upon relief, and it is not possible to show average grants for these two groups of relief cases separately.

### **Expenditures for Unemployment Relief**

More nearly adequate provision for the needs of the unemployed has resulted in rapidly increasing relief expenditures during the past two years. Expenditures for unemployment relief, throughout the United States, mounted to their highest level during the twelve months ending August 31, 1934. Pennsylvania has been no exception. Total obligations incurred from State and Federal funds amounted to approximately \$108,700,000 during the year, or an average of more than \$9,000,000 per month.

## Appendix—State Emergency Relief

**TABLE 3**  
**SUMMARY OF OBLIGATIONS INCURRED FROM STATE AND FEDERAL FUNDS FOR UNEMPLOYMENT RELIEF BY TYPE**  
**SEPTEMBER, 1932—AUGUST, 1934**

Items	September, 1932— August, 1933		September, 1933— August, 1934		Audit Adjustment 1	Adjusted Total September, 1932— August, 1934	Per Cent of Total	Amount	Per Cent of Total	Amount	Per Cent of Total	Amount	Per Cent of Total
	Amount	Per Cent of Total	Amount	Per Cent of Total									
Total—all types of relief	\$70,267,262.34	100.0	\$108,672,916.70	100.0		-\$9,024.99		\$178,851,154.05					100.0
Direct Relief, Total	62,671,113.69	89.2	79,545,999.05	73.2		-\$7,781.22		142,182,331.52					79.5
Food <sup>2</sup>	60,433,402.54	86.0	70,075,919.43	64.5		-\$56,044.78		130,277.19					72.9
Shoes and Clothing (Distributed) <sup>3</sup>	489,269.97	0.7	4,524,126.59	4.2				5,013,396.56					2.8
Fuel <sup>4</sup>	1,126,256.96	1.6	3,061,060.88	2.8				4,175,332.14					2.4
Tobriff Gardens <sup>5</sup>	437,704.91	0.6	1,312,707.75	1.2				1,304,941.79					0.7
Other <sup>7</sup>	184,479.32	0.3	295,385.04	0.3				5,983.60					0.4
Work Relief, Total	5,516,321.69	7.9	21,246,333.83	19.5				508,277.49					0.3
Work Division <sup>6</sup>			17,299,436.54	15.9				26,762,855.52					15.0
Highways <sup>9</sup>	6,178,194.22	7.4	12,488,353.74	2.3				17,289,436.54					9.7
Emergency Education <sup>10</sup>			792,335.11	0.7				7,676,547.96					4.3
College Student Program <sup>11</sup>			194,995.59	0.2				792,335.11					0.4
Other <sup>12</sup>			471,212.85	0.4				194,995.59					0.1
Special Programs, Total	33,662.72	0.0*	1,140,730.04	1.1				809,540.32					0.5
Relief of Homeless and Transients <sup>13</sup>			789,054.29	0.7									0.6
Relief of Unemployed Veterans <sup>14</sup>	30,944.44	0.0*	191,357.57	0.2				769,054.29					0.4
Other Special Programs <sup>15</sup>	2,718.28	0.0*	180,318.18	0.2				222,302.01					0.1
Administration, Total <sup>16</sup>	2,045,964.24	2.9	6,736,853.78	6.2				184,632.95					0.1
								8,729,977.76					4.9

<sup>1</sup> Periodically, the records of the local Boards are audited, and it becomes necessary to adjust the records for cumulative discrepancies which cannot be assigned to specific months.

<sup>2</sup> Value of orders issued; does not include \$3,000,000 estimated value of Federal surplus food products distributed.

<sup>3</sup> Cost of shoes and clothing distributed to persons on relief; does not include \$3,504,422.24 shoes and clothing purchased but not distributed at the end of August, 1934. Distribution of shoes began January, 1933, and distribution of other clothing began in January, 1934.

<sup>4</sup> Value of orders issued; does not include \$1,500,000 estimated value of Federal surplus fuel distributed; Program started in October, 1932.

<sup>5</sup> Value of requisitions passed for payment; Program started in December, 1933.

<sup>6</sup> Cost of seed and materials purchased; Program started in March, 1933.

<sup>7</sup> Includes cost of operating shelters for homeless, expenditures for rehabilitation of shoes and clothing, cost of operating Summer camps for undernourished children, cost of establishing community markets, and payments for rent relief.

<sup>8</sup> Wages paid and materials purchased; does not include \$115,706.87 commitments outstanding on August 31, 1934; Program started April 1, 1934.

<sup>9</sup> Wages paid for common labor by the State Department of Highways; Program started in November, 1933.

<sup>10</sup> Wages and salaries paid; Program started in November, 1934.

<sup>11</sup> Wages paid; Program started in March, 1934.

<sup>12</sup> Includes expenditures for work projects not operated under the Work Division Program.

<sup>13</sup> Cost of relief granted; Program started in July, 1933.

<sup>14</sup> Includes Child Health Committee, Self-Help Cooperatives, Teachers Training Institutes and Vocational Readjustment Camp.

<sup>15</sup> Salaries paid and expenses incurred.

<sup>16</sup> Less than one-twentieth of one per cent.

## *Appendix—State Emergency Relief*

### **The Direct Relief Program Summary**

During September, 1932, food was the only type of direct relief granted by the State Emergency Relief Board. The development of the Direct Relief Program since that date has consisted primarily of a continuous expansion both in the types of direct relief provided and in the quantities of each type of relief granted. The following chronological tabulation traces this expansion through the past two years.

- September, 1932—Food only type of Direct Relief granted.  
—First allocation to Department of Health for distribution of milk.
- October           —First Fuel Relief authorized.
- December        —Fuel Relief grants increased.  
                —First shoes purchased.
- January, 1933    —Further increases in Fuel grants.
- March            —Thrift Garden program inaugurated.
- September       —State Board assumes distribution of milk.
- October           —Standard Food Relief Schedules adopted.
- November        —First clothing purchased.  
                —First Federal Surplus Food Commodities distributed.
- December         —Medical Relief Program established.
- August, 1934     —Rent Relief Program inaugurated.
- November        —Direct Relief in cash established as experiment in Philadelphia County.
- December         —Budgetary Relief authorized.  
                —Clothing and shoe orders on retail vendors to replace central purchase and distribution in kind authorized.  
                —Cash Relief authorized for Allegheny County, effective January, 1935.

### **Food Relief**

State legislation appropriating funds for relief provided that direct relief would be granted in kind only. This necessitated a system of food orders or some form of commissary.

The Food Order System, whereby an order for a stated amount

## *Appendix—State Emergency Relief*

is issued to the relief recipient who may use it to purchase food-stuffs in the amount shown on the face of the order, is still in use throughout Pennsylvania with the exception of Philadelphia County where all relief is now granted in cash.

During the early months of the State Board's administration, there were marked variations in the food relief standards in different counties. Food schedules in some counties restricted weekly food grants to twenty-five cents per person. At the other extreme the food schedules of at least two counties permitted weekly grants of \$1.80 for one person and \$1.25 for each additional family member. Under these conditions it became necessary for the State Board to formulate a State-wide Standard Food Relief Schedule.

Dieticians and physicians assisted in preparing adequate minimum food budgets for adults and children. The retail value of the items listed in these budgets was determined and was used to prepare a Standard Food Relief Schedule. This Schedule was adopted October, 1933, and was put in operation as rapidly as relief cases could be reinvestigated and food needs determined. The Standard Food Relief Schedule is now in use throughout the State.

### **Surplus Food Products**

During the past year, various agricultural commodities have been purchased by the Federal Surplus Relief Corporation for distribution to the unemployed in various states. The State Emergency Relief Board established a procedure for handling the distribution of the commodities allotted to Pennsylvania and distribution began in November, 1933. These products are distributed to relief families in addition to the usual food grant.

The quantities of each commodity received by Pennsylvania to September 1, 1934, are shown in the following tabulation:

## *Appendix—State Emergency Relief*

### SURPLUS FOOD COMMODITIES RECEIVED BY PENNSYLVANIA TO SEPTEMBER 1, 1934

Eggs .....	939,300	Dozens
Potatoes .....	2,244	Barrels
Pea Beans .....	400,340	Pounds
Flour .....	6,864,390	Pounds
Cheese .....	268,053	Pounds
Butter .....	2,536,884	Pounds
Lard .....	414,410	Pounds
Pork (Salt) .....	1,624,511	Pounds
Pork (Smoked) .....	3,317,892	Pounds
Beef (Canned) .....	2,317,892	Pounds
Beef .....	42,058	Pounds

### Thrift Gardens

No food, except milk, is as important in the daily diet as fresh vegetables. Pennsylvania's 1934 Thrift Garden Program enabled 179,801 unemployed families to plant gardens and supply themselves with vegetables having an estimated retail value of \$4,555,000.00.

Many of these gardens yielded more than could be consumed as fresh vegetables, and every effort was made to assist in and encourage the canning and preserving of surplus garden crops for use during the winter months. Root crops were stored, cabbage was stored or made into sauer kraut, corn was dried, and tomatoes and beans were canned.

The following tabulation shows the estimated harvest of thrift garden crops in 1934:

Lettuce .....	1,570,634	Bushels	Peppers ..	199,463	Bushels
Tomatoes .....	765,388	Bushels	Squash ..	138,088	Bushels
Corn .....	642,836	Bushels	Turnips ..	59,093	Bushels
Beans .....	614,372	Bushels	Parsnips ..	8,750	Bushels
Cabbage .....	489,500	Bushels	Beets .....	4,289,914	Bunches of 8
Cucumbers ...	399,071	Bushels	Radishes ..	2,788,158	Bunches of 8
Swiss Chard ...	199,603	Bushels	Carrots ..	2,474,721	Bunches of 8

### Fuel Relief

Needs for fuel became quite acute during the winter of 1932-33. Insufficient funds made it impossible to provide adequate fuel relief and local committees and boards endeavored to operate community mines. The dangers involved, and the injuries resulting from having inexperienced persons mining coal

## *Appendix—State Emergency Relief*

without proper safeguards, led to the early abandonment of many of these projects.

Some local funds were available for fuel relief in addition to the grants totalling four million dollars made to the counties by the State Board from September, 1932, through August, 1933.

Obligations incurred for fuel relief from September, 1933, through August, 1934, amounted to approximately \$3,000,000.00. In addition to this amount, more than 250,000 tons of coal were supplied to Pennsylvania by the Federal Surplus Relief Corporation. The plan for distribution of Surplus fuel as developed in Pennsylvania provided that fuel orders be written by Local Boards in the usual manner. Retail coal dealers accepting these orders made deliveries from their stocks and the Federal Surplus Relief Corporation replaced the dealers' stocks with shipments from the mines. The State Board paid to these dealers an agreed amount per ton of coal delivered to cover handling and delivery charges. This program was in operation from December 16, 1933, to February 22, 1934.

The fuel relief program during the past year provided all types of fuel relief including coal, coke, gas, wood and kerosene, and the total value of the fuel relief granted from September, 1933, through August, 1934, including the estimated value of coal provided by the Federal Surplus Relief Corporation amounted to \$4,500,000.00.

### **Shoes and Clothing Relief**

During the winter of 1931-32 local welfare organizations and the American Red Cross established centers for the rehabilitation of second-hand shoes and clothing. Because of the extreme need for shoes and clothing among the unemployed, the State Board continued this type of activity under the supervision of Local Boards by providing \$100,000.00 for the rehabilitation of clothing and shoes distributed by private sources.

A large amount of surplus cotton purchased by the Federal Government was made into clothing, cloth and bedding during 1932, by the American Red Cross and related organizations. These materials were distributed to needy unemployed during the winter of 1932-33. The quantities of clothing so produced were sufficient to meet only the most urgent needs. Because of limited funds, the State Board was unable to make any grants for clothing other than shoes.

## *Appendix—State Emergency Relief*

Shoes were purchased centrally by the State Board and distributed to the counties on the basis of the number of families on relief. This method was not satisfactory and the next distribution was made on the basis of actual need. From December 15, 1932, through August, 1933, the number of shoes distributed to the counties totalled 602,358 pairs.

The purchase and distribution of shoes has continued to be an important part of the direct relief program. During the fiscal year ending August 31, 1934, approximately 1,660,000 pairs of shoes were shipped to the counties for distribution. As a matter of both economy and safeguarding the public health, rubber footwear to fit every model of shoe being distributed by the State Board was purchased as soon as funds were available. Approximately 510,000 pairs of rubber footwear were issued during the fiscal year ending August 31, 1934.

In November, 1933, purchases of clothing were made and distribution in the counties started during January, 1934.

The scope and cost of the Shoe and Clothing Program is shown in the following tabulation:

### **SHOES AND CLOTHING SHIPPED TO COUNTIES**

December 15, 1932 to September 1, 1933—Shoes ...	602,358 Pairs
September 1, 1933 to September 1, 1934—Shoes ...	1,659,535 Pairs
Rubbers	510,988 Pairs
Bedding	411,603 Units
Layettes	5,575 Units
Clothing	675,766 Dozens of Garments

### **SUMMARY OF EXPENDITURES FOR SHOES AND CLOTHING**

Value of Shoes and Clothing Distributed by Counties .....	\$4,751,347.18
Value of Shoes and Clothing in County Warehouse .....	1,466,759.01
Value of Shoes and Clothing in State Warehouse .....	764,845.00
Value of Unfilled Orders .....	1,272,818.23
 Total Shoe and Clothing Purchases by State .....	\$8,255,769.42
State Distribution Cost .....	166,827.40
County Distribution Cost .....	95,221.98

### **Medical Care**

Provision of medical care for the needy unemployed was a problem from the first onset of the depression. At first, no or-

## Appendix—State Emergency Relief

ganized effort to provide needed medical care existed. The needs of the unemployed were met by their own private physicians and by the usual private and public agencies administering to the health needs of those unable to pay. As the extent of unemployment increased, a tremendous burden was placed on the medical profession and on these agencies.

The Medical Program of the State Board was inaugurated in December, 1933. It provided for medical, dental, and nursing services to relief families. The program provides for the treatment of ill persons in relief families, for the giving of emergency dental care, for nursing care, and for necessary medicines. Correction of physical defects is not included in the program. Children with physical defects are being assisted on a cooperative and voluntary basis, through the local Child Health Committees.

The Medical Program has become an integral part of the general relief program. Orders issued for all types of medical care number approximately 50,000 a month at the present time. Altogether, 361,745 medical orders were approved for payment December, 1933, through August, 1934. Expenditures for the Medical Relief Program totalled \$1,304,941.79, during the period from December, 1933, through August, 1934. The value and cost of the Medical Relief Program is summarized in Table 4.

**TABLE 4**

**MEDICAL CARE ORDERS APPROVED FOR PAYMENT  
DECEMBER, 1933—AUGUST, 1934**

*Number of Orders*

	Medical	Dental	Nursing	Prescrip-tions	All Medical Care
December, 1933 -----	1				
January, 1934 -----	3,507		124	1,070	4,701
February -----	14,723	5,102	788	20,637	41,250
March -----	14,248	4,878	862	25,149	45,137
April -----	22,910	7,468	1,333	23,296	54,107
May -----	24,350	8,620	2,025	41,242	76,217
June -----	15,735	7,064	1,416	26,893	51,108
July -----	20,168	4,352	1,126	18,903	44,549
August -----	15,133	6,108	895	22,540	44,676
Total -----	129,854	43,592	8,569	179,730	361,745

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*Amount*

	Medical	Dental	Nursing	Prescrip-tions	All Medical Care
December, 1933 .....	\$1,639.10				\$1,639.10
January, 1934 .....	45,216.32		\$966.05	\$1,319.26	47,501.63
February .....	115,181.88	\$18,280.40	4,411.70	9,783.75	147,657.73
March .....	111,062.25	19,414.79	4,981.85	12,050.09	147,508.98
April .....	175,279.99	28,846.25	6,887.60	11,887.19	222,901.03
May .....	195,441.69	36,512.25	11,878.70	19,903.69	263,736.33
June .....	126,412.54	30,053.00	6,622.25	13,060.46	176,148.25
July .....	149,145.66	18,008.00	6,391.80	8,880.40	182,425.86
August .....	82,041.15	25,119.00	5,352.45	10,676.24	123,188.84
Total .....	\$1,001,420.58	\$176,233.69	\$47,492.40	\$87,561.08	\$1,312,707.75
Audit Adjustment .....					7,705.96
Adjusted Total .....					\$1,304,941.79

<sup>1</sup> Data not available.

**Work Relief**

The following tabulation shows the total expenditures for work relief and employment programs in the State through August, 1934:

State Work Programs, Total .....	\$8,486,088.28
Highways .....	7,676,547.96
Pymatuning Dam .....	169,999.71
Indiantown Gap Military Reservation .....	27,021.64
Gypsy Moth and Japanese Beetle Quarantine .....	127,030.21
Miscellaneous .....	485,488.76
Work Division Program, Total .....	\$17,289,436.54
Salaries and Wages .....	16,817,161.97
Materials .....	166,034.07
Compensation Reserve .....	306,240.50
Other Federal Work Programs, Total .....	\$987,330.70
Emergency Education .....	792,335.11
Part-Time College Student .....	194,995.59
Grand Total, Exclusive of Civil Works Administration Program .....	\$26,762,855.52
Civil Works Administration Program .....	45,005,361.31
Grand Total, including Civil Works Administration Program .....	\$71,768,216.83

## *Appendix—State Emergency Relief*

### **Work Relief Prior to the C.W.A. Program**

From the inception of the State Emergency Relief Board in September, 1932, until the beginning of the Civil Works Administration Program in November, 1933, the work provided for the unemployed was limited in scope. The State Emergency Relief Board supplied funds to various State Departments for use in giving employment to persons in need but these activities were relatively small.

In October, 1932, a grant was made to the Department of Internal Affairs for employing persons on construction work at the Indiantown Gap Military Reservation in Lebanon County. A total of \$27,021.64 was expended on this work over a period of approximately eighteen months. In November, 1932, a grant was made to the Department of Highways for use in giving work on highway construction and maintenance to unemployed persons in need. This program, under the direction of the State Department of Highways, continued until the summer of 1934 and a total of \$7,676,547.96 was expended.

Other work programs financed by the State Emergency Relief Board from State and Federal funds prior to the Civil Works Administration Program include: (1) the employment of common labor at Pymatuning Dam in Crawford County by the Department of Forests and Waters with total expenditures of \$169,999.71 over a period of nine months, (2) expenditures of \$127,030.31 over a period of fifteen months by the Department of Agriculture to hire workers for the purpose of cooperating with and assisting the Federal Government in establishing Gypsy Moth Control and Japanese Beetle quarantine in the State and (3) expenditures of \$370,421.51 for clerical help furnished State Employment and National Reemployment Offices from August, 1933, to date, except for the Civil Works Administration period when this program supplied the funds.

All of these programs with the exception of the Highway Department's work were of an extremely limited nature.

### **The Work Division Program**

With the termination of the Civil Works Administration Program at the end of March, 1934, the Federal Emergency Relief Administration instituted a new Work Relief Program. In order to carry out this program, a Work Division of the State

## *Appendix—State Emergency Relief*

Board was organized. Since many of the Civil Works Administration projects were left unfinished and heavy economic loss was threatened, projects were approved to complete the work as fast as appraisal could determine their value. No projects were approved for new work, and the Work Division devoted itself from April 1 to August 31 to finishing the projects begun under the Civil Works Administration Program.

The Work Division Program initiated in April, 1934, was the first State-wide plan of work relief undertaken by the State Emergency Relief Board. The previous attempts to give work relief were made by granting funds to State Departments. In April, 1934, the State Emergency Relief Board organized its own Work Division staff and the entire program was under the immediate control of this Division. The Work Division Program was undertaken to give employment to persons on relief or eligible for relief and the amount each person could earn was to be limited to the needs of the family.

The Civil Works Administration Program was an employment plan, whereas the Work Division Program is a work relief plan. The Civil Works Administration jobs were to be given to both relief and non-relief persons. The Work Division Program has a more limited purpose in that only relief persons are to be employed, except for a limited number of supervisory and skilled workers not obtainable from among those persons eligible for relief.

The Work Division employed almost 50,000 persons during the first week of its operation. During the last week in April, only the fourth week of the program, nearly 105,000 persons were employed on work projects. This marked the peak of employment under the Work Division and the number of employes declined gradually thereafter. Not only were available funds inadequate to permit an expansion of the program, but they also necessitated a curtailment of activities. The Work Division employed an average of approximately 70,000 in May, 65,000 in June, and 55,000 in July. The number of persons employed declined sharply during August as all work projects were completed or terminated in anticipation of the initiation of a revised program. During the last week of August, less than 5,000 persons were employed.

A total of more than 4,000 individual projects were operated

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under the Work Division Program. Over three-fourths of these projects involved the new construction and repair of public properties, including roads, streets, sewers, and public buildings. Numerous projects were approved for grading and landscaping of recreational and other public institutional grounds. Various research studies and surveys relating to social and economic problems, labor, health, government, and kindred topics, were carried on as Work Division projects. Some of the more interesting and valuable projects are:

Sealing and draining abandoned bituminous coal mines to reduce the danger of stream pollution.

Construction and improvement of municipal airports and emergency landing fields.

A State-wide survey of employment and unemployment to reveal the extent and incidence of unemployment.

Educational projects including adult training, vocational guidance, and other types of training.

Projects providing for nursing services.

Traffic surveys with a view toward prevention of accidents and studying parking conditions, traffic violations, and the condition and effectiveness of traffic equipment.

Studies of characteristics of families receiving relief.

Housing surveys to reveal housing conditions and to supply information which will be useful in determining need for housing facilities.

Health studies involving the industrial smoke nuisance, types and causes of deaths, nutrition status of school children, need for glasses among school children, etc.

Free musical concerts.

Home instructions on budget problems, diet needs and home economics.

Projects affecting erosion and flood control.

The above list of projects exemplifies the type of work which can be and has been done by work projects. There are almost limitless types of undertakings of economic and social value which could be carried on under a planned work program.

## *Appendix—State Emergency Relief*

### **The Revised Work Relief Program**

The State Emergency Relief Administration ordered the termination of the Work Division Program in August, 1934, in order to effect a revision of the Program. The revised program was delayed in getting under way until October 1, 1934, in order to complete plans under which the projects were to be operated. By the middle of December, 1934, there were approximately 100,000 persons employed on projects throughout the State.

The Revised Work Relief Program differs in many essentials from the Work Division Program which ended in August. Under the revised program everybody who is given employment, with but a few exceptions, is allotted only enough units of work to cover the budgetary deficiency requirements of the family represented. The number of these units assigned to each person employed depends upon the difference between the family income and the family needs as determined by the standard budget. The hourly rate of pay is equal to the rate existing in the local community for similar work. A sufficient number of work units of 18 hours each must be assigned to cover the budgetary deficiency. Budgetary Deficiency payments are made to the worker's family in four equal weekly payments. No deductions are made for lost time on account of illness, inclement weather, or other stoppages of work.

### **Emergency Educational Program**

On September 15, 1933, the Federal Emergency Relief Administration authorized the use by the State Emergency Relief Board of Federal funds for the employment of needy unemployed persons who are qualified to teach.

The general purpose of this educational program is to provide constructive employment for unemployed persons on relief who are competent to teach, and at the same time to provide socially constructive educational or recreational activities.

Since the inauguration of the program in November, 1933, many activities have been developed. In the field of adult education, classes in English and Citizenship have been developed with many groups. Many immigrants have received their first and second naturalization papers as a result of these classes. Home classes enroll many foreign-born persons. These classes afford mothers the opportunity to learn the American life which their husbands and children learn at work and at school.

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In the field of vocational education, adults are learning new skills in agriculture, home economics, trades, and commerce. Such training makes them more efficient at their present work or prepares them for work to which they are better adapted by nature, opportunity, or circumstances. Other subjects in this field include poultry raising, gardening, sewing, cooking, electric welding, hosiery making, etc.

Classes in the field of General Adult Education make up a large percentage of total enrollments. It has given the adult, without high school or college training, an opportunity to carry on his education along academic and creative lines. It has also been an invaluable means of preserving health and morale through such activities as physical education, dancing, baseball, and swimming.

Activities in the field of Nursery Schools and Parent Education have served many young children and parents. Many pre-school children of needy parents have formed better health and behavior habits in emergency nursery schools. In the schools, the children have received wholesome lunches,—milk, fruit juice, and cod liver oil. Many parents have been studying health and behavior problems of children under the direction of trained teachers.

Obligations incurred for the 1933-34 Emergency Educational Program amounted to \$792,335.11. May, 1934, is typical of the monthly activities of this program. In the field of general Adult Education, Workers' Education, Vocational Training of Unemployed Persons, and teaching of Adult Illiterates, 6,721 classes or groups were attended by 70,812 persons who were instructed by 948 unemployed teachers. Moreover, 55 trainees were handled through the various activities in the field of Vocational Rehabilitation. Employment was provided for 31 persons as clerical and case workers. Nursery Schools cared for 662 children and parent training groups provided instruction for 2,082 persons. In these two latter activities employment was given to 231 teachers.

## **Part-Time Jobs for College Students**

A program to provide employment to needy men and women in colleges throughout the United States during the second semester of the 1933-34 scholastic year was announced by the Federal Emergency Relief Administration on February 2, 1934.

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The purpose of this program was to provide assistance to students of good character and ability whose financial status was such that continued attendance in college was impossible.

Funds for this program were made available specifically for this purpose by the Federal Emergency Relief Administration. It was provided that any institution of collegiate or university character, which was non-profit in nature, could participate in the program. Each participating college was allotted jobs in a number of equal to 10 per cent of its full-time enrollment of October, 1933. Funds were allocated on the basis of \$15.00 per month per student employed, although it was provided that the maximum earnings for any student employed could not exceed \$20.00 per month.

The type of work permitted, to be financed with funds made available for this program, covered the range of jobs customarily done in the college by students working their way through college, including clerical, library, research, and work on buildings and grounds and in dormitories and dining halls. All jobs provided had to be in addition to those ordinarily undertaken by the college.

## **Relief of Unemployed Veterans**

In May, 1933, provision was made for the granting of \$300,-000.00 to the State Veterans' Commission for the food, clothing, fuel, and shelter needs of unemployed veterans without other means of support. In January, 1934, a grant of an equal amount for the same purpose was provided. Administration of this program has been through offices of the State Veterans' Commission, located throughout the State with headquarters in Philadelphia. Administration expenses have been borne by the State Department of Military Affairs.

## **Homeless and Transient Program**

The problem of transiency, as such, is not new. In fact, it has always existed to a degree. We have seen it years ago as large groups migrated from one country to another in search of religious or political freedom. The problem, also, has always been more acute during and following periods of social or economic upheaval. Transient Bureaus and treatment centers began to make their appearance in Pennsylvania in the late summer and fall of 1933.

## *Appendix—State Emergency Relief*

The growth of the work, the necessity for considering the local homeless problem, especially in such large centers as Philadelphia and Pittsburgh, and the increasing costs due to the increase in the number of treatment centers and intake points, presently brought the whole program into sharper focus. The need for a thorough integration of the program with the general organization and work of the State and County Relief Boards became apparent and, with the exception of developing certain procedures, such integration is now complete.

The State is assuming its fair share of the costs for State and local homeless out of general relief funds, while the Federal Emergency Relief Administration provides the administrative costs of the whole program plus the relief costs of inter-state transients. With the advent of the new rent relief program, it is planned to care for local homeless in the future as a part of the general relief load, although for administrative reasons, local homeless will still apply to the Transient Departments of the County Relief Administrations.

Thirty counties or areas now have intake points for homeless and transients as a part of the County or Area Relief Administrations. In addition to these intake departments, there are fifteen urban treatment centers. All but three of these are the typical "city shelters", the remainder being camps or farms. There are also six camps operated on a state-wide basis where, as on the farms, a more adequate rehabilitation program is possible. Four of these camps are abandoned Civil Conservation Corp camps, the fifth is on a Federal Military Reservation and the sixth is on a Federal Forest Reservation.

### **Rural Adjustment Program**

The Federal Emergency Relief Administration has formulated an elaborate program for Rural Rehabilitation and in order that this program be adapted to Pennsylvania conditions, there has been organized a Rural Adjustment Department in the State Emergency Relief Board.

The function of the Rural Rehabilitation Section is to develop self-help programs of an industrial or agricultural nature. The first project to operate under this program was the training in weaving of textiles. Two experienced weavers are teaching families in Clearfield and Westmoreland Counties the construction of looms and the weaving of blankets and other textiles.

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The Thrift Garden program which was developed on a state-wide basis during the season of 1933 has proven to be a practicable method of helping large numbers of unemployed to help themselves. The Thrift Garden Section is now a part of the Rural Adjustment Department and it is probable that for many families the garden program will prove a stepping stone to more extensive agricultural activities.

Debt conciliation has been actively developed in Pennsylvania by a central committee and by county volunteer committees. Many farmers are faced with the loss of their property through foreclosure. The Debt Conciliation Program, with the cooperation of the Land Banks, has prevented such losses in numerous instances, but the volume of settlements must be increased if larger numbers of farmers are to be kept from relief rolls. The function of the Debt Conciliation Section is to assist local committees to expedite settlements and to extend this service to a greater number of distressed farmers.

### **Self-Help Cooperatives**

Allocation of funds have been made to several cooperative self-help associations. Those that have been assisted are the Philadelphia Barter Association, Clearfield Cooperative Association, the Media Barter Exchange, and the Westmoreland Homestead Association.

The State Board maintains contacts with the self-help cooperatives through the Rural Adjustment Department. Grants have been extended according to the regulations set forth by the Division of Self-Help Cooperatives of the Federal Emergency Relief Administration. Cooperatives eligible for Federal grants or loans under these regulations must be composed of persons, a substantial portion of whom have been on relief, are eligible for relief, or prospectively eligible if it were not for their membership in the Cooperative.

The Media Barter Exchange was organized at Media, Delaware County, by the needy unemployed to supply their wants through the exchange of goods produced by its members. By October, 1934, approximately 400 families were registered with this exchange.

On June 6, 1934, the State Board allocated \$2,000.00 from Federal funds to the Delaware County Emergency Relief Board

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“to provide funds to aid the Media Barter Exchange—in the barter of goods and services.” This fund has been used for working capital.

The Clearfield Cooperative Association at Irvona, Clearfield County, is located in a stranded community. Aid to this co-operative as well as to the Westmoreland Homestead Association at Mount Pleasant is being extended in cooperation with the Division of Subsistence Homesteads of the United States Department of Interior. Chief activities of these cooperatives have centered around canning and weaving projects. Instructors have been employed to teach weaving and wood working. Plans are being prepared for the building of homes. A complete subsistence homestead project is contemplated.

At Mount Pleasant in Westmoreland County, aid has been extended to the Westmoreland Homestead Association. This Association is definitely a homestead project. The building of homes is already under way. Weaving is being taught to the members, and the American Friends Service Council has employed a man to teach woodworking.

Self-help cooperatives represent attempts by the unemployed to aid themselves through the mutual exchange of goods and services. And to the extent that they are successful in supplying the necessities of life, they may be considered as a means through which the unemployed may secure satisfaction of their needs while at the same time performing useful work in payment.

# **Department of State**

**JOHN J. OWENS, Secretary**

To the Governor:

Herewith is a report of the work of the Department of State during your Administration.

The more important achievements of the Department of State during the four year period ending January 15, 1935, were—

- (a) Administration of the new Corporation Code
- (b) Strict enforcement of the voting machine act
- (c) Change in method of advertising proposed constitutional amendments

The necessity for revision of Pennsylvania's corporation laws had been apparent for many years. The Act of April 29, 1874, P. L. 73, was the last general corporation law passed by the Legislature. Not until the passage of the Corporation Code of May 5, 1933, did Pennsylvania have upon its statute books corporation laws comparable to those of the other great industrial and commercial States of the Union.

## **Voting Machines**

The enforcement of the Voting Machine Act by the Secretary of the Commonwealth constituted an outstanding achievement of the present Administration.

The original Voting Machine Act was passed in 1929. Previous to January, 1931, the number of machines delivered in the State was 1,288. The number delivered since January, 1931, is 4,187, making a total of 5,475.

Before November 6, 1934, the districts that had adopted voting machines had a population of 5,926,109, or more than 61 per cent of Pennsylvania's total population. Referenda in Cambria, Northumberland and Washington Counties on November 6, 1934, resulted in the elimination of machines therein and reduced the total population of districts using voting machines to 5,488,612, approximately 57 per cent.

The Secretary of the Commonwealth awarded four contracts for the purchase of 817 voting machines. Philadelphia County brought action to restrain the Secretary from awarding a con-

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tract for 800 machines, but his authority was upheld by both the Dauphin County Court and the Supreme Court.

The Secretary also received bids for supplying Cambria and Washington Counties with voting machines. Awards were not made because of litigation still pending in Dauphin County Court.

### **Constitutional Amendments**

A pronounced change in advertising proposed Constitutional Amendments, inaugurated by the Department during the biennium 1931-1933, will in future years result in the saving of many thousands of dollars to the taxpayers of Pennsylvania.

Prior to the 1931-33 biennium the advertisement of proposed Constitutional Amendments was inserted in newspapers in the several counties of the Commonwealth one time weekly for thirteen consecutive weeks during the three months immediately preceding General Elections. With economy in view and to eliminate what appeared a wasteful and unnecessary expenditure of money, the Department raised a question as to the number of insertions of the advertisement necessary to meet the requirements of the Constitution of Pennsylvania. This question had never been decided other than by a verbal opinion of a previous Attorney General. The Supreme Court ruled that three insertions once a month during the three months immediately preceding General Elections, instead of thirteen insertions as was the practice for prior years was a full compliance with the Constitutional provisions relating to the publication of proposed Constitutional Amendments.

A strict adherence to this ruling resulted in a saving of \$90,622.00, during the biennium 1931-1933. This figure was arrived at by comparing the actual cost of three insertions with the cost of thirteen insertions, based upon rates submitted by the various newspapers.

By limiting the number of newspapers in which the advertisement of proposed amendments should be inserted (1931-33 biennium) to a maximum of two papers in each county, with the exception of Allegheny and Philadelphia Counties in which one legal journal was added to the list, and by the ruling of the Supreme Court as to number of insertions the Secretary of the Commonwealth was able to return to the General Fund \$127,074 out of the appropriation of \$160,000.

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### **Corporations**

During the years immediately preceding the depression an important source of revenue was the bonus upon increase of capital stock of Pennsylvania corporations. During the present depression Pennsylvania corporations are decreasing rather than increasing capital stock. The operation of decreasing capitalization involves the same amount of work in the Department as an increase, although no bonus is due to the Commonwealth upon such proceedings.

The Department at the beginning of the present Administration, instituted a more rigid enforcement of the requirements of the Fictitious Name Act. The Department had knowledge that hundreds of firms doing business in Pennsylvania, either under a fictitious name or as foreign corporations, had either refused or neglected to register in this office. The results of this campaign are reflected in the registration of 25,169 companies for the period beginning January 1, 1931 and ending December 1, 1934, for which registrations the Commonwealth collected in fees the sum of \$151,014.00.

In the prosecution of this campaign to force the registration of fictitious name companies, the Department each month transmits to every Prothonotary in the State a list of names registered in this office from a specific county and the Prothonotary in turn sends a similar list to the Department of State. This interchange of lists gives the Department an opportunity to ascertain whether companies registering with the Prothonotary have failed to register here or vice versa.

It was also brought to the attention of the Department that many domestic corporations had increased their capital stock without filing in this office the proper form indicating such actual increase upon which bonus was due and payable. With this knowledge at hand, the Department, after conference with the proper officers in the Department of Revenue, immediately set machinery in motion with a view to collecting this delinquent bonus. Through the coordinating efforts of the Department of Revenue and this Department, the sum of \$32,383.00 in delinquent bonus and interest has been collected by the Department of State since October, 1932.

As a result of the operation of the Corporation Code, more than 6,000 foreign corporations re-registered and obtained a

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Certificate of Authority to do business in Pennsylvania bringing in a revenue of approximately \$120,000.00.

At the effective date of the Corporation Code (May 5, 1933), approximately 30,000 statements were sent out from this Office to foreign corporations of record. Due to the depression a large number of companies were unable to pay the taxes owing to the Revenue Department and attempts are being made to have these taxes paid in periodical installments so that the company may be authorized to do business in Pennsylvania. The law requires that before the Certificate of Authority shall issue, all charges due the Commonwealth must be fully paid.

### **Union Registration**

The dual Labor Unions have presented some difficult problems to the Department. These independent organizations, not affiliated with the American Federation of Labor, have made many attempts to register in this office either their present corporate name or a proposed corporate name. This necessitated many private investigations and hearings. The Department has strenuously and consistently opposed any registration whatsoever of a union not organized and operated in accordance with the National Code. A number of such applications are now pending in this Department and a large number have been refused.

For many years a large number of trade marks and trade names for alcoholic beverages, liquors, etc., have been recorded in this office. The owners of these marks ceased business when prohibition became effective. When the prohibition amendment was repealed, a large number of new concerns adopted old trade marks and attempted to register the same as their property. This brought protests from the heirs of the old registered companies in this office and necessitated many hearings.

The following statistics will indicate the comparative volume of work flowing through the Corporation Bureau:

	<i>1927-1931</i>	<i>1931-1935</i>
Domestic Corporations formed . . . . .	9,443	8,990
Foreign Corporations registered . . . . .	5,349	9,406
Fictitious Name Companies registered	22,194	25,169

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### **Elections and Legislative**

The depression also appears to have been responsible for the great increase in the number of candidates for office, as well as for the number of Extraordinary Sessions of the General Assembly called during the present Administration.

The number of primary petitions filed in 1928 and 1930 was 3,272. For the primaries of 1932 and 1934 the total was 6,478. Other documents were correspondingly increased.

The two regular and four extraordinary sessions of the general Assembly made almost continuous work for the Legislative Bureau.

An effort was made during the present Administration to have candidates and the treasurers of political committees file the expense accounts exactly as required by law. This has not been done previous to this Administration and resulted in a marked increase in the papers handled. The total number of accounts received after the primaries and elections of 1928 and 1930 was 335. For the primary and election of 1932 and the primary of 1934, the number was 945. The last figure will be largely increased when the 1934 election expense accounts are all in.

The municipal election of 1933 was unusual and called for considerably more work than usual on the part of the Election Bureau. This was due to the referendum of twelve proposed amendments to the State Constitutions, the election of delegates to pass on the proposed repeal of the Eighteenth Amendment and the work involved in preparation for the resulting convention, and the referendum provided by the Sunday Sports Act.

### **Firearms**

The Uniform Firearms Act of 1931, P. L. 497, No. 158, made it the duty of the Secretary of the Commonwealth to prescribe the forms required by the Act and to file records of licenses to carry firearms, applications for the purchase of, and records of sales of firearms.

This involved the making up of the forms which was done with the cooperation of the State Police and other police authorities. Samples of approved forms were printed and sent to the sheriffs of the counties and the police departments of cities, with instructions and copies of the law.

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This law became operative September 1, 1931.

Between September 1, 1931, and December 1, 1934, 101,064 records of licenses to carry firearms were received from the sheriffs and city police departments. Dealers have also sent in 8,722 applications to purchase and 8,456 records of sales of firearms. These have been turned over to the State Police Bureau of Criminal Identification and Information for filing.

### **State Employes Retirement Board**

No important change has occurred in the work of the State Employes Retirement Board. The fund has been maintained at the strength shown to be needed by the actuarial valuations. The reserves have increased as was necessary, resulting in a larger total of cash and investments on hand at the end of the four years than at the beginning.

During the years 1927 to 1930 there were 4,203 withdrawals of contributions by employes leaving the service and 232 members of the system retired. From 1931 to November, 1934, 5,154 members left the service and withdrew their contributions while 533 elected to retire.

There were 13,925 members on November 1, 1934.

# **Department of Justice**

**WILLIAM A. SCHNADER, Attorney General**

To the Governor,

As requested by you, I shall cover in this report the work of the Department of Justice, and the boards attached to it during the entire period of your administration, down to date. However, the figures which will be given, showing the collections made by this department and its expenditures, will cover the period beginning January 1, 1931, and ending November 1, 1934.

At the outset I call attention to the fact that during your administration the work of this department was expanded in a number of respects.

The following functions have been performed at the expense of this department for the first time:

Legal work incident to the collection of inheritance tax by registers of wills;

Legal work incident to the collection of mercantile and other license fees by county treasurers;

Title work involved in the purchase by the Commonwealth of game land, forest land, and lands for all other purposes;

Legal work necessary to assist the Securities Commission, the Bureau of Municipal Affairs, and the Workmen's Compensation Board and Referees.

I shall discuss these functions in detail under appropriate headings.

We have also had the responsibility of handling the legal work incident to the liquidation of closed banks; but practically the entire expense of this service has been paid out of the funds of the closed banks, as provided by law. This work will also be discussed more fully later in this report.

Only one function previously performed at the expense of this department has been transferred during this administration. That is the legal service incident to the administration of the liquor laws. During prohibition the Alcohol Permit Board administered the Alcohol Act, and after the manufacture

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and sale of beer was legalized it administered our State Beer Law. Lawyers necessary to assist the board received their compensation from the appropriation to this Department. After January, 1934, when the Liquor Control Board superseded the Alcohol Permit Board, and the State Stores Fund came into existence the lawyers who assisted the Liquor Control Board were transferred from the payroll of this department to the payroll of the Liquor Control Board; but they continue to work under the direct supervision of the Attorney General.

Prior to, and continuously during this Administration, the legal service necessary to assist the State Workmen's Insurance Board has been paid for out of the State Workmen's Insurance Fund, and not out of the appropriation to this department. Also, fees of attorneys employed for local legal work necessary to aid the Department of Highways, the Board of Game Commissioners, and the Board of Fish Commissioners have been paid for out of the Motor License Fund, the Game Fund and Fish Fund, respectively; and a number of lawyers have been employed, with the approval of the Attorney General, by the Department of Highways, to prepare contracts and attend to other routine legal work within the department. They are paid out of the Motor License Fund.

With the exceptions noted, the entire expense of all legal service performed for the Commonwealth, its officers, departments, boards, and commissions has been paid for out of the appropriations to this department subsequent to June 1, 1931.

Prior to this administration legal work of the Commonwealth which could not be handled in the Harrisburg office was assigned to a large number of attorneys throughout the State, almost all of whom were paid on a fee basis. Frequently a number of attorneys in the same counties participated in handling a very small volume of State law work with the result that no one attorney was in a position to become familiar with the various aspects of the State's legal work.

From the beginning of this administration the local legal work in each county has been placed in the hands of a single attorney, except in Philadelphia and Allegheny Counties, where the volume is so great as to render this impossible. In six counties other than Philadelphia and Allegheny the lawyers handling

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our local business have been placed on a salary basis. In Philadelphia and Allegheny Counties a number of special deputy attorneys general and attorneys have handled the State's legal work, receiving regular salaries therefor.

I have no hesitancy in saying that our legal work outside of our Harrisburg office has been more efficiently handled during this administration than at any previous time.

### **Opinions**

During this administration to date this department has rendered to the various other departments and to officers, boards, and commissions of the State government 169 formal opinions and 473 informal opinions, a total for the four-year period of 642 opinions.

This compares with a total of 518 opinions rendered by the Department of Justice during the entire administration of your predecessor, this total consisting of 172 formal opinions and 346 informal opinions.

Thus, in this branch of our work, there has been an increase in volume during this administration of approximately 25%.

Two innovations were adopted in the handling of opinion work during this administration, as follows:

1. All formal and informal opinions have been given numbers so that reference may be made by number to any opinion rendered. This renders opinions more conveniently citable in future opinions or letters.

2. We adopted and have adhered to the practice that no opinion, formal or informal, and no letter construing a statute may be issued by any member of the staff until it has been read and criticized by all other members of the main office staff and approved by the Attorney General. Thus the opinions of this department during this administration have represented the combined judgment of all the lawyers of the department who work in the Harrisburg office.

In addition to the formal and informal opinions to which we have referred, we have written many letters to departments, boards, and commissions of the State government, advising them regarding matters which did not warrant the issuance of either formal or informal opinions; and, as always, there have been innumerable conferences with officers of the State government regarding legal matters in which the State is interested.

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### **Opinion Indices**

In 1917 the Commonwealth published an "Analytical Index of the Official Opinions of the Attorney General's Department with Chronological Table of Acts of Assembly Construed."

That work was never brought down to date until December 1933, when we published a "Digest of Formal Opinions with Chronological Table of Acts of Assembly Construed, December 1, 1916 to November 1, 1933." This volume is highly valuable not only in the work of this department, but also to other State officers and to lawyers having business with the State departments.

And this year we prepared for limited publication and distribution an "Index-Digest, Informal Opinions, 1923-1933." This was put out in a loose-leaf binder so that it may be supplemented from time to time and thus kept up to date. No similar index-digest had ever been prepared.

### **Preparation and Editing of Briefs**

Special attention has been devoted, during this administration, to the preparation and editing of briefs, particularly those filed in appellate courts.

In addition to the handling of a large volume of other work, Deputy Attorney General Arnold has ably and carefully assumed this responsibility.

### **Litigation**

During this administration the volume of litigation handled by this department in the courts of the Commonwealth and of the United States has been at least double the volume handled during the preceding four-year period.

During this administration 1201 suits in which the State has been involved have been instituted in the Court of Common Pleas of Dauphin County, as follows:

1931—214

1932—449

1933—350

1934—188

Total    1201

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The figures for the preceding 4-year period were:

1927—	91
1928—	167
1929—	52
1930—	260
Total	570

During this administration 437 corporation tax appeals were finally concluded. This is the largest number of such cases ever concluded during any 4-year period. This accomplishment is due to the indefatigable industry of Deputy Attorney General Moyer, who handled the bulk of our corporation tax work.

During this administration we have handled 159 cases in the appellate courts. Of these 149 have been argued.

During the preceding 4-year period, the total number of appellate cases was 84.

Following is a detailed record of our work in the cases decided by the appellate courts during this administration:

	<i>No. Cases Affirmed</i>	<i>Reversed</i>	<i>Won</i>	<i>Lost</i>
U. S. Supreme Court . . .	10	3	0	9
State Supreme Court ..	88	70	18	68
Superior Court .....	29	22	7	20
Circuit Court of Appeals	6	4	2	2
	—	—	—	—
	133	99	27	99
				34

In all of the cases decided against us by the United States Circuit Court of Appeals petitions for certiorari to the United States Supreme Court were filed. Two have been allowed and two are pending. These cases involve the right of Federal Courts to appoint receivers to liquidate State building and loan associations and the assets of closed State banks.

The outstanding cases determined by the appellate courts during this administration are as follows:

Dorrance Estate, 309 Pa. 151 (1932), involving inheritance tax of \$17,000,000. In this case the Supreme Court of Pennsylvania clarified the law relating to the determination of the question whether a decedent lived in one state or another. Two applications for certiorari to the United States Supreme Court were made by the estate, but both were refused.

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This case was tried for the Commonwealth in the Orphans' Court by William A. Gray, Esq., of Philadelphia. Mr. Gray handled the case in masterly fashion. Deputy Attorney General Goldberg assisted in the trial and also did invaluable work in assisting the Attorney General in the preparation of the briefs filed in the Supreme Court of Pennsylvania and the Supreme Court of the United States.

*Alabama v. Arizona, Pennsylvania and seventeen other states*, 291 U. S. 286 (1934). This was an effort of the State of Alabama to prevent Pennsylvania from enforcing its law forbidding the introduction into this State for sale on the open market of prison-made goods from other states. The Supreme Court of the United States was asked to entertain a bill in equity for this purpose. The Attorneys General of Montana and Pennsylvania were selected by the 19 defendant states to oppose the filing of the bill. After oral argument the court refused permission to file the bill.

*City Bank Farmers Trust Company v. Schnader et al.*, 291 U. S. 24 (1934), 79 L. ed. Adv. Op. 68. This case involved a dispute between Pennsylvania and New York as to the taxable situs for inheritance tax purposes of a large collection of paintings which had been on exhibition at the Philadelphia Art Museum for upwards of two years immediately preceding the death of the owner, who was a resident of New York. The United States Supreme Court held that the property was taxable by Pennsylvania.

*Commonwealth v. Girard Life Insurance Co.*, 305 Pa. 558 (1932), and 77 L. ed. 501 (U. S. Supreme Court), sustained the constitutionality of the Act of May 6, 1925, P. L. 526, imposing a tax upon gross premiums received by stock life insurance companies.

*Commonwealth v. Schuylkill Trust Company*, 315 Pa. 429 (1934), sustaining the validity of the Act of June 13, 1907, P. L. 640, as last amended by the Act of April 25, 1929, P. L. 673. This case involves more than a million dollars annually in revenue to the Commonwealth. An appeal to the United States Supreme Court is pending.

*Commonwealth v. Nelson-Pedley Construction Co. et al.*, 303 Pa. 174 (1931). In this case the Supreme Court sustained the Commonwealth's form of building contract requiring a contractor to repair at his own expense any damage occurring by

## *Appendix—Justice*

fire during construction. If the Commonwealth had lost this case and three others against subcontractors, it would have been obliged at its own expense to repair upwards of \$1,000,000 of fire damage to the Education Building.

Commonwealth ex rel. Sehnader *v.* Liveright et al., 308 Pa. 35 (1932). In this case the Supreme Court of Pennsylvania by a vote of 4 to 3 sustained the validity of the Talbot Act, which appropriated money from the State Treasury to political subdivisions of the Commonwealth for unemployment relief. This department had previously rendered an opinion that the act was unconstitutional.

The majority opinion of the Supreme Court also held that an appropriation is invalid as a constitutional debt if it causes the total appropriations made by the Legislature to exceed the total estimated revenue for the period in which the appropriation is to be paid. This principle is highly important in that it compels the Legislature at each session to balance the State budget.

Commonwealth *v.* Philadelphia Electric Company, 312 Pa. 528 (1933), in which the Supreme Court held taxable under the Gross Receipts Tax Law the receipts of an electric light company from the sale of current to other companies in the State for resale, and the receipts from the sale of lamps, wire, sockets, and other accessories. This case involved a half million dollars of revenue annually.

Commonwealth *v.* Lukens, 312 Pa. 220 (1933), sustaining the validity of the Act of April 25, 1929, P. L. 662, which amended the Gross Receipts Tax Law.

Commonwealth *v.* Paul W. Bounds Company, 316 Pa. 29 (1934), in which the Supreme Court held that the sawing, planing, and otherwise preparing stone for building is not manufacturing.

Clabby's Estate, 308 Pa. 287 (1932). This case established the principle that an inheritance tax appraisement is *prima facie* correct and that the burden of proof is upon the party objecting to it. It also finally and definitely established the procedure to be followed in inheritance tax appeals to the orphans' court.

Haggerty's Estate, 311 Pa. 503 (1933), interpreting the Act of May 16, 1929, P. L. 1795.

Lowry's Estate, 314 Pa. 518 (1934). In this case the Supreme Court held that the Act of May 16, 1929, P. L. 1795, does

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not impose a tax on joint bank accounts created after its passage. This situation should be corrected by the Legislature to avoid a substantial loss of revenue.

*Commonwealth v. Stegmaier Brewing Co.*, 309 Pa. 52 (1932), holding that the making of cereal beverages was not brewing of malt liquors.

*Commonwealth v. Louis Burk, Inc.*, 38 Dauphin 1 (1933), holding that the slaughtering of cattle and pigs for sale as fresh meat is not manufacturing within the amendment to the Capital Stock Tax Act exempting from tax corporations engaged in the "processing and curing of meats, their products and by-products."

*Commonwealth v. Pennsylvania Coal and Coke Corporation*, 39 Dauphin 102 (1934), interpreting the Loans Tax Law.

*Pitcairn v. Stuart*, 302 Pa. 499 (1931). In this case the Supreme Court ruled that the judicial branch of the government cannot substitute its judgment for that of the executive department in determining matters relating to the construction and improvement of State highways.

*Commonwealth v. Pardee Bros.*, 310 Pa. 353 (1933). This case established the right of the Department of Highways to relocate a State highway making the new highway wider than the old without filing plans for the new highway in the county.

*Bell Telephone Company v. Lewis and Pinchot*, 313 Pa. 374 (1934). In this case the Supreme Court held that neither the Governor nor heads of administrative departments can be made involuntary defendants in declaratory judgment proceedings involving interpretations of statutes.

*Commonwealth v. Charles*, Superior Court, No. 179, April Term, 1934, not yet reported. The court held that the Highway Patrol have authority to arrest violators of the Vehicle Code on sight.

*Commonwealth v. Moeschlin et al.*, 314 Pa. 34 (1934). This case established the law on the form of bond accompanying liquor licenses and permits, and the procedure for their collection.

We are appending to this report a complete list of the appellate court cases which have been decided showing which cases have been won and which cases have been lost, who argued them and the general subject involved.

### **Legislative Work**

During this administration this department has had a greater volume of legislative work than at any previous time in its history.

Not only did we prepare the administration bills for the two regular sessions of the Legislature and examine all bills submitted to the Governor for approval by the Legislature, but we also had this work to do for three special sessions.

Later in this report we shall discuss in detail certain codifications of law which we prepared for submission to the Legislature. That work was done in addition to the legislative work with which this part of our report deals.

For each of the special sessions we prepared at your request a complete program of legislation covering the items listed in the calls for such sessions.

The outstanding measures which were enacted at special sessions were unemployment relief acts of various kinds, a complete liquor control program, a milk control law, and the old age assistance law.

During your administration we prepared upwards of 200 measures which were introduced into the Legislature at your instance.

And during your administration we examined and advised you on a total of 1852 bills which the Legislature passed. Of this number you approved 1304, and vetoed 448.

### **Collections**

During the period January 1, 1931 to November 1, 1934 this department collected for the Commonwealth \$29,251,035.70.

This aggregate amount includes \$14,394,698.88 inheritance tax collected from the estate of Dr. John T. Dorrance and \$6,696,110.53 collected from surety companies on bonds given to secure State deposits in Pennsylvania banks which closed.

The total of \$29,251,035.70 collected during the period of three years and ten months ending November 1, 1934, compares with total collections for the four calendar years 1927 to 1930 inclusive of \$6,934,903.60, which included a single item of \$4,954,241.74.

Accordingly, the collections during this administration have aggregated more than four times the collections made by this

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department during the preceding four-year period. And excluding the amount collected from the Dorrance Estate and from sureties for closed banks, the total of our ordinary collections during this period has been somewhat over four times the total of the ordinary collections during the preceding four-year period.

All of the collections to which we have referred have been made directly through the regular employes of this department, assisted by local counsel to the extent to which such assistance was necessary.

Were we to allocate to our collection one third of the entire cost of operating the department,—which is certainly a very generous allocation,—the cost of collections throughout this administration would be 1-1/10 per centum of the amounts collected. This is an extremely moderate cost for this type of work.

The following is a detailed statement of the number of ordinary collection claims referred to this department during this administration classified under appropriate headings.

	<i>Open Cases 1/1/31</i>	<i>New Cases Re- ceived 1/1/31 to 11/1/34</i>	<i>Collected in full or otherwise closed 1/1/31 to 11/1/34</i>	<i>Open Claims 11/1/34</i>
Liquid Fuels .....	706	2646	1727	1625
Escheats .....	...	241	152	89
Insane Maintenance ..	46	1608	1203	451
Medical and Surgical ..	104	888	888	104
Corporation Tax .....	129	2213	768	1574
Sales Tax .....	...	1095	411	684
Miscellaneous .....	...	249	169	80
 Totals .....	 985	 8940	 5318	 4607

Except for liquid fuels tax claims, the cases, which prior to January 1, 1931 had been referred to this department for action, were small in number. The Emergency Relief Sales Tax Act had not been passed; and many of the claims subsequently

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referred arose under it. The Department of Revenue had previously attempted to take care of escheat cases. No procedure had been worked out for the orderly transmittal of miscellaneous accounts. The procedure for the transmittal of corporation tax accounts, maintenance accounts and accounts for medical and surgical services was still in a formative process. It might, therefore, be said that we completely reorganized the collection procedure relating to delinquent accounts and placed it on a workable basis, centralizing all of this work under the direct control of the Department of Justice as was contemplated by The Fiscal Code of 1929.

A word of explanation is necessary regarding the cases still open on November 1, 1934. In many of these cases partial collections have been effected and the prospects are good that the accounts will ultimately be liquidated under the impetus already given to them. A large group consists of claims for corporation taxes against bankrupt estates where no collection has been made or where a partial collection only has been made. This type of case is closed to all intents and purposes; but the files cannot be formally closed until a final investigation has been made by the Department of Revenue and an order cancelling the account has been put through that department and the Auditor General's office. In the majority of liquid fuels tax cases the claims have been collected substantially in full. The files, however, remain open because there are still unpaid penalty and interest items due as to which there is still a prospect of collection.

The foregoing schedules, however, do not complete the picture of collection activities. Thousands of accounts for delinquent liquid fuels taxes were referred to us by the Department of Revenue not for collection but for authority to mark them uncollectible on the books,—to remove them from the active accounts receivable ledgers. In each case the request was supported by an investigator's report and other data which enabled us to conclude that the request should be granted. In each case, however, we addressed demand letters to the debtors as an additional check upon the information furnished to us. If we received replies to these letters we refused to grant the authority requested, but instead opened an active collection file in the case.

Likewise we were asked to pass upon the proposed charging

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off of thousands of medical and surgical and insane maintenance accounts. The information considered with each account was carefully checked and appropriate action taken. Records of all of these charge-offs have been maintained in our files.

The Liquid Fuels Tax Acts of 1929 and 1931 required the dealers and distributors, respectively, to furnish bonds to the Commonwealth to secure their compliance with the provisions of the acts. Nine bonding companies, furnishing liquid fuels tax bonds, failed during the last four years. It was necessary for us to prepare and file with the receivers of these bonding companies claims for all amounts due to the Commonwealth under bonds of delinquent tax payers. The extent of the work connected with this activity may be gathered from the fact that against one company, the Equitable Casualty and Surety Company, claims aggregating \$175,000.00 were filed, practically all of which were under \$500.00 in amount. The total number of claims filed was 1653 although only one miscellaneous account file was and is maintained.

As required by law we have maintained a complete docket of all collection cases. We also maintain a card index showing all open and closed cases which have been and are being handled by this department. The docket, which is chronological, is cross referenced to the card index, which is alphabetical, by means of docket numbers. We maintain in a separate docket all tax appeals to the Dauphin County Court. The question involved and the present status of each case is stated. A complete list of all cases forwarded to local counsel in the 67 counties is kept, showing the cases in the hands of each attorney and whether or not they are open or closed.

Special credit is due to Deputy Attorney General John Y. Scott for the efficient handling of collection matters by this department throughout this administration.

In connection with our collection work the following methods warrant particular mention:

### *Liquid Fuels Tax*

The Liquid Fuels Tax Act of 1931 became effective on June 1, 1931. The act changed the former system for collecting this type of revenue. In setting up the administrative machinery for the operation of the act numerous questions were raised by the Department of Revenue, all of which were taken care of.

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The act has been successful and we were glad to cooperate with the administrative officers in working out procedure for the present smooth operation of the act.

It was found that wholesale evasion and fraud had been practiced under the previous liquid fuels tax acts. Prompt and effective prosecutions instituted and carried through by this office in several localities, particularly in Philadelphia and Wilkes-Barre, stamped out the so-called gasoline bootleg ring so that no extensive fraud has been practiced under the present liquid fuels tax act.

Prior to 1931 bonding companies were seldom forced to pay their liabilities on liquid fuels tax bonds. This situation has been corrected. The bonding companies for the most part have liquidated their liabilities in cases of this type. Suits against bonding companies which were originally necessary need not now be instituted. When a case is discovered at the present time payment is usually forthcoming upon demand.

### *Corporation Tax*

During this administration we established the first lien status of corporation tax accounts.

A series of cases, culminating in Special Deputy Attorney General Weinrott's victory in Commonwealth *v.* Stocker, Trustee, 70 F. (2d) 453 (1934), has established the Commonwealth's right to be paid prior to claimants of the same rank as the Commonwealth against bankrupt estates. We also satisfied referees in bankruptcy that the six months limitation within which claims must generally be filed against bankrupt estates does not apply to the Commonwealth.

Many delinquent corporation tax accounts have been compromised after consideration by this department, the Department of Revenue and the Department of the Auditor General, as provided by The Fiscal Code. This resulted in a fair recovery to the State in a great many old cases in which no collection could otherwise have been effected, and in a general clearing off the books of uncollectible accounts receivable. Much of this work is not disclosed in the figures heretofore given.

### *Insane Maintenance*

We have advised the Department of Revenue in connection with the setting up of its administrative machinery for the col-

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lection of these accounts under statutes passed within the last four years, which placed the burden of collection entirely upon the Commonwealth instead of dividing the responsibility between the Commonwealth and the several counties.

### *Medical and Surgical Service Accounts*

Although this type of case represents a very minor part of our activities, we have been successful in coming to satisfactory adjustments with large self insurance carriers concerning their liabilities to State hospitals for compensation cases treated at such hospitals.

### *Sales Tax*

The Sales Tax Act was adopted in 1932. Numerous questions of administration, involving legal points, were raised and advice and assistance was given to the Department of Revenue. All claims of this type which have been transmitted to us for collection have been sued out, and practically all of them reduced to judgment. Collection of delinquent accounts of this type, however, is extremely difficult because of the nature of the tax and the irresponsibility of many of the tax payers.

### *Escheats*

We have worked out and established a system for the handling of all escheat cases where appearance in court is necessary. Many of the open cases now in the files are matters in which eventually there may be an escheat; but time alone will determine this fact.

In the cases of *Miles v. Metzger*, et al., 316 Pa. 211 (1934), and *Kelker v. Metzger*, et al., 316 Pa. 211 (1934), the Supreme Court clarified the Escheat Law and particularly pointed out the rights and liabilities of the Commonwealth to unclaimed funds in the hands of fiduciaries. The court also greatly clarified the obligation of the Commonwealth to pay informers' and escheators' fees.

### *Miscellaneous*

Included among the miscellaneous claims which we have handled have been several claims against political subdivisions for motor vehicle fines improperly paid over to such subdivisions by the fining officers, instead of to the Commonwealth as re-

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quired by the Motor Vehicle Code. We have been generally successful in compelling recognition on the part of political subdivisions of our interpretation of this portion of the Motor Vehicle Code. Notably we have recovered claims of this type from the County of Cumberland in the amount of \$2,500.00, the City of Altoona in the amount of \$1,000.00, and the County of Dauphin in the amount of \$12,638.84.

The remaining miscellaneous accounts, with the exception of claims against bonding companies on liquid fuels tax bonds, are trivial in amount and extremely diversified in character.

## *Interstate Commerce Questions*

Many users of liquid fuels, using liquid fuels in connection with the transportation business, raised the question of liability for liquid fuels tax on the ground that the use of the liquid fuels was in interstate commerce. All of these cases were satisfactorily adjusted on a basis which resulted in recovering all the revenue to which the State was entitled. The principal cases adjusted after appeals had been filed in court were:

Westridge Transportation Company

Frank Martz (Operation of interstate buses)

Erie Railroad Company

Lehigh Valley Railroad Company

The Lehigh Valley Railroad Company Case has not been finally closed but an agreement has been reached. The principles established in these cases have been applied by the Department of Revenue to other similar situations with satisfactory results.

In Commonwealth *v.* Wiloil Corporation, 316 Pa. 33 (1934), we secured a decision in the Supreme Court of Pennsylvania that liquid fuels sold in Pennsylvania were taxable regardless of the fact that such liquid fuels were acquired by the seller in another State for the purpose of completing the sale. This decision is of the utmost importance in liquid fuels and mercantile license situations. The case is now on appeal to the Supreme Court of the United States and will shortly be heard.

## **Department of Highways Claims**

At the beginning of this administration we were confronted with a large number of uncollected claims for amounts due the

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Department of Highways by political subdivisions of the State covering their share of the cost of road construction done by the department in past years.

The uncollected claims aggregated \$1,211,662.87. Of this amount \$639,894.85 have been collected, \$81,377.44 have been charged off as uncollectible; and practically all of the uncollected claims have been reduced to judgment, thanks to the efforts of Deputy Attorney General John A. Moss.

### **Litigation Against and Collections from Sureties**

As already stated, we collected during this administration \$6,229,704.46 from surety companies on bonds given to secure State deposits in State and national banks.

In 57 cases it became necessary for us to enter judgment against the surety companies. A number of actions were begun by the companies to open the judgments, but thus far all of them have been determined in favor of the State.

We also brought a suit against a surety company which claimed to have cancelled the depository bond held by the State Treasurer. We took the position that the bond was non-cancellable. The case is still pending. See *Commonwealth v. Globe Indemnity Company*, 313 Pa. 498 (1934).

Three suits by surety companies in the Federal courts, to enjoin the Attorney General and the State Treasurer from collecting amounts due on depository bonds, were decided in favor of the defendants.

We have already discussed our collections on bonds given by dealers in liquid fuels.

We also collected through suit against the surety an item of \$30,725.76 due to the Eastern State Penitentiary, (prisoners' deposits) by a closed bank. *Commonwealth v. Great American Indemnity Company*, 310 Pa. 201 (1932).

A decision in the State's favor in *Commonwealth v. Nelson-Pedley Construction Company*, 303 Pa. 174 (1931) and 3 companion cases, determined the liability of the contractor's surety companies, to repair the damage to the Education Building occasioned by fire during the course of construction. The State was saved at least \$1,000,000 by this victory.

Litigation is still pending to determine the liability of the sureties on bank depository bonds, for approximately \$128,000

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involved in the so-called "Animal Indemnity Frauds." During the previous administration a former State employe and an accomplice defrauded the State of this sum by forging endorsements on a large number of checks. Court of Common Pleas No. 4 of Philadelphia County has decided these cases in favor of the Commonwealth, but appeals to the Supreme Court will doubtless be taken.

### **Federal Tax Questions**

One of the most interesting items of litigation during your administration was the dispute between the Federal and State governments regarding the power of the Federal government to require the State to procure Federal licenses for the operation of our State liquor stores, and to impose a floor tax on the liquor owned by the State on January 12, 1934.

We applied to the Court of Common Pleas of Dauphin County for an injunction against the Federal collectors of internal revenue, to restrain them from interfering with our State stores, and from collecting the floor tax. The court granted a preliminary injunction. Commonwealth Docket, 1934, No. 19—Equity Docket, No. 1104—in the Court of Common Pleas of Dauphin County.

Thereupon, the Federal authorities removed the case to the United States District Court for the Middle District of Pennsylvania.

We made a motion to remand which was denied. 7 Fed. Supp. 729 (1934).

Subsequently the case was heard on the merits; and a decision is now being awaited.

The case involves approximately \$1,000,000.

We have also participated in proceedings involving the question whether Federal income tax is payable as the salaries of the superintendents of our State-owned and operated hospitals. A final decision has not yet been rendered.

And the extent to which the Federal processing tax affects the State and its institutions was the subject of Informal Opinion No. 491, dated December 20, 1934.

### **Assistance to Registers of Wills and County Treasurers in Collecting State Revenue**

Prior to this administration the Auditor General, with the approval of the Attorney General, appointed a number of at-

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torneys in various parts of the Commonwealth to assist registers of wills in collecting inheritance tax, and county treasurers in collecting mercantile and other State license fees. This practice was discontinued as of June 1, 1931. Subsequent to that date the expense of legal assistance to county officers in collecting State revenue has been paid out of the appropriations to this department.

In Philadelphia and Allegheny Counties alone the lawyers attached to this department who have been appointed to assist the registers of wills of those counties in the collection of inheritance taxes have participated in collecting during the period beginning September 1, 1931 and ending November 1, 1934, \$26,096,480.52.

Salaried attorneys in Berks, Delaware, Lackawanna, Lancaster, Luzerne, and Montgomery Counties not only attend to the general legal business of the department in their counties but also assist the registers of wills in collecting this tax.

This work is extremely important and brings into the State Treasury in collections which would not be made without their services many times the salaries paid to our lawyers. It consists of checking all appraisements, construing wills for appraisers, ordering supplemental appraisements when necessary, attending all audits, examining all adjudications, taking exceptions to items of credit which are deemed improper, issuing citations to file accounts, to appear before appraisers or before the Orphans' Court, presenting petitions for attachment against fiduciaries who have failed to pay the tax, filing liens, taking appeals from appraisements and adjudications, and generally, of supervising and advising on every detail involved in the collection of the amount of tax lawfully due the State.

The regular attorneys of this department in the various counties have assumed throughout this administration the duty of assisting county treasurers in collecting license fees.

The men who handle this work in Philadelphia and Pittsburgh have, with but two exceptions, been engaged in it for many years and are experts in inheritance tax law and procedure. Political considerations did not enter into their employment by my department when they were transferred to its payroll.

## **Inheritance Tax Collections**

### *Appeals to the Orphans' Courts*

During the period from March 16, 1931, to November 1, 1934, inclusive, 254 transfer inheritance tax appeals (exclusive of those which arose in Philadelphia and Allegheny Counties) were referred to this department by the Department of Revenue for attention. Of these appeal cases, 145 have been closed and 109 remain open. Of those remaining open, 46 have been decided by the courts and will be closed as soon as the Department of Revenue advises this department that the tax found to be due has been paid. The remaining cases have either been heard and argued, but not decided by the court, are about to be heard, or are being investigated for the purpose of being compromised.

Six of the appeals referred to this department arose in Dauphin County, and were handled directly by this department. Of these appeals, three have been closed, and three, which were recently filed, are still pending.

A few appeals arising outside of Dauphin County were also handled by us instead of being referred to local counsel.

In order to ascertain that all appeals assigned to local counsel will be disposed of promptly, each file is taken up periodically, according to the type of case, and, if necessary, local counsel are requested to give a report of the present status of particular cases or are urged to be more diligent in bringing their cases to an early conclusion.

When an appeal case is referred to local counsel, it is our established practice to have him forward us a copy of the appeal immediately, to the end that we may be in a position to call to his attention any recent decisions that may have been handed down in other counties on the subject involved, or to recommend to him what action he should take in a particular case which may be unusual in any respect. This procedure also enables us to have counsel withhold from the local courts any case involving a question which has arisen in another county and is about to be tested in the Supreme Court.

While appeals in Philadelphia and Allegheny Counties are not handled through our office at Harrisburg, we often consult with our deputies in those counties concerning unusual questions that arise in particular cases.

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### *Delinquent Inheritance Tax Claims*

Delinquent inheritance tax claims are handled apart from our general collection work.

During the period from March 16, 1931, to November 1, 1934, inclusive, 343 claims for delinquent inheritance taxes were referred to this department by the Department of Revenue for collection. This figure is exclusive of delinquent claims for inheritance tax arising in Philadelphia and Allegheny Counties and in those counties where we employ local counsel on a salary basis, because in those instances the registers of wills refer delinquent claims directly to our local representatives instead of routing them through this department.

Of the 343 claims mentioned, 190 have been closed. In 36 of these 190 cases it was ascertained that the estate was insolvent and no tax was due, and in at least 20 instances it was found that the claims were uncollectible.

Of the claims remaining open on the books, many are secured by transfer inheritance tax liens which have been filed against the estates, and many others have been held open in the hope that the financial status of the parties involved would improve to the extent that collection might be made. Arrangements have been made for the payment of some of the claims on an installment basis. In several cases executors absconded with the funds of the estates, and while they have been apprehended and are in prison, there are no funds available for the collection of our claims.

As many of the pending delinquent claims represent small amounts due from small estates, we have experienced difficulty in collecting them, particularly because of the current depression.

Formerly, many of the registers of wills permitted inheritance taxes to become delinquent over a long period of time before they were turned over to our department for collection, with the result that it was impossible to effect collection. Of the 153 delinquent claims remaining open at this time, at least 60 were of this character, and the possibility of collection in these cases is very remote. Today, the Department of Revenue requires registers of wills to turn delinquent inheritance tax claims over to our department or our local counsel who are on a salary basis, shortly after they become delinquent.

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### **Defaulted Bonds**

During this administration we have adjusted, collected, or enforced payment by suit of claims growing out of defaults on investments held by the State Employes Retirement Fund, the Public School Employes Retirement Fund, the State Workmen's Insurance Fund, the School Fund, and the State Insurance Fund, as follows:

Number of municipalities whose defaulted items have been referred to this department for collection .....	153
Number of municipalities which have paid defaults in full .....	102
Total amount referred to us for collection .....	\$869,363.52
Amount collected .....	649,220.80
Balance uncollected .....	220,142.72

In all cases we have collected interest on the defaulted items from date of default to date of payment. This interest has amounted to \$28,139.91.

It was necessary to bring 8 suits, in all of which judgment was obtained in favor of the Commonwealth.

One of the defaulting debtors to the Commonwealth was the State of Arkansas. We asked leave of the Supreme Court of the United States to file a bill in equity against the debtor State. Leave was granted. *Pennsylvania v. Arkansas*, 290 U. S. 596 (1934).

Subsequently, the Governor of Arkansas called a Special Session of the Legislature, which authorized a satisfactory adjustment to be made with the State's bond creditors. This avoided a very substantial loss to the State Workmen's Insurance Fund which owned the bonds.

Special mention should be made of the efficient work done by Deputy Attorney General O'Hara in protecting the Commonwealth's interests in these default matters.

### **Closed Bank Work**

One of the heaviest tasks of this department during this administration has been the legal work incident to the liquidation of closed banks.

On November 1, 1934 there were 149 closed banks whose

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legal work was being handled by attorneys appointed by me for this particular purpose.

Just as your administration began, banks were closing almost daily and it became necessary to provide counsel for the Secretary of Banking as receiver promptly as banks closed.

In the past it had always been the practice for the Secretary of Banking to appoint an attorney on a fee basis for each closed institution. There was no coordination of the work of lawyers handling closed banks in various parts of the State and no uniformity in the method of determining the amount of compensation. The fees charged and allowed in all such cases constituted a substantial item of the cost of liquidation.

Shortly after the beginning of this administration, we determined to place on a salary basis the lawyers doing this type of work and to place them under the supervision of a special deputy attorney general appointed for the express purpose of coordinating this work throughout the State.

This work has been under the supervision of Special Deputy Attorney General Shippen Lewis of Philadelphia. As of November 1st, 77 lawyers were employed under his supervision. 71 of them were paid on a salary basis. The other 6 were compensated on a fee basis because the volume of work does not justify an annual salary.

The salaries range from \$1,800 to \$5,000 per annum. The annual salary roll totals \$284,000, and the average cost of legal services per bank is slightly more than \$1,900 per annum. As of the date of closing the assets of our closed banks exceeded \$300,000,000 in value. For the four-year period, the cost of this branch of legal service was less than one-third of one per cent of the assets. This is obviously extremely low for this important type of work.

In the early stages of this work closed bank lawyers in the centers where the largest number of banks closed met in bi-weekly conference to discuss the problems which had arisen since the last meeting, and to arrive at solutions which would be adopted as the future rule to be followed by all attorneys engaged in this work.

Periodically bulletins were prepared by Mr. Lewis, mimeographed, and circulated among all the lawyers, stating new problems and the rulings applicable to them.

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The tremendous volume of this work has been done systematically and without any divergence of policy or rule.

Figures are not available to indicate in detail the quantity of work which our closed bank lawyers have done. They have furnished legal advice to the deputy receivers in charge of the several banks. They have brought thousands of suits to collect amounts due the banks. They have foreclosed thousands of mortgages held by the banks. They have brought suits to collect assessments from shareholders of State banks. They have represented the Secretary of Banking as fiduciary of approximately 31,000 trust estates valued at \$189,000,000, and as accountant for many of these estates. They have represented the Secretary of Banking as fiduciary of mortgage pools formerly conducted by trust companies. They have done the legal work incident to obtaining loans totalling many millions of dollars from the Reconstruction Finance Corporation for 97 of the closed banks.

In addition to handling the legal work of from 1 to 10 closed banks, each of our closed bank attorneys has been asked, without extra compensation, to attend in his county to work forwarded to him by deputy receivers of closed banks in other counties. This extra work has been substantial in the larger counties.

To prevent any abuses from arising, I made it a rule that our salaried closed bank attorneys might not serve as attorney for the substituted trustee of a mortgage pool formerly conducted by a trust company to which he was assigned, and that closed bank attorneys might not receive from trust estates formerly handled by closed banks fees for work done for these estates, unless all the beneficiaries consented in writing and the payment was approved by me or by my deputy.

Special mention should be made, not only of the splendid service rendered by Special Deputy Attorney General Shippen Lewis, but also of the great energy and ability displayed by Deputy Attorney General Harold D. Saylor, who regularly attended to the legal work of the Department of Banking, and who supervised our closed bank work prior to Mr. Lewis' appointment, and after Mr. Lewis was appointed co-operated with him wholeheartedly.

I am satisfied that the handling of our closed bank work under the system which I have described has saved closed

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bank depositors at least a half million dollars in counsel fees during your administration.

### **Title Work**

Prior to this administration practically all title work required by the Commonwealth was done under contract with one or more incorporated title companies.

Throughout this administration this department has supervised this type of work and it has been done by a group of employes who have from time to time been transferred from the payroll of one department or board to another as the work was done for the department paying the employes. The force consisted of 4 abstracters and 4 stenographer assistants.

The largest single item of this work during this administration was that incident to the acquisition of the new military reservation at Indiantown Gap.

The consideration for lands acquired by the Commonwealth during this administration under titles examined and approved by this department was upwards of \$1,300,000.

The total acreage acquired was 289,000. Title examinations cost an aggregate of \$64,145.

The number of projects involved was 549, so that the average cost was \$116.84 per project. The title examination cost per acre was 22¢.

Prior to this administration the average cost per acre of title work for game lands acquired by the Commonwealth was 48.6¢ and of title work for forest lands, upwards of 27¢ per acre.

During this administration the cost per acre of examining title to game lands averaged slightly more than 33¢ and of examining title to forest lands slightly more than 6¢.

The cost of examining the title to 280 properties comprising 11,534 acres for the new State Military Reservation at Indiantown Gap averaged \$1.02 per acre. This particular item raised the average cost of our work substantially.

From the figures given it is quite apparent that the performance of this work directly by this department has saved the Commonwealth many thousands of dollars during this administration.

Our title work has been under the supervision of Deputy

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Attorney General Paul L. Hutchison who, however, had the benefit of the valuable experience in title law, of Deputy Attorney General James W. Shull.

### **Codification of Laws**

With your approval, I requested the 1931 Session of the Legislature to make appropriations of \$5,000 per subject for the codification by my department of the Corporation Laws, the Banking and Building and Loan Association Laws, the Insurance Laws, and the School Laws.

The appropriations were made as requested, but at the 1932 Special Session of the Legislature each of these appropriations was reduced to \$4,000.

There had not been a general revision and codification of the corporation laws since 1874. Not only were the laws on this subject obsolete, but they were embodied in a large number of unrelated acts.

Although the laws governing the organization, regulation, and liquidation of banks, trust companies, and building and loan associations were not as ancient as our corporation laws, they also were badly in need of revision and codification.

In the case of the school laws, the necessity for codification arose principally from the fact that since the adoption of the School Code in 1911, hundreds of amendatory acts were passed rendering it extremely difficult for those charged with the administration of the school laws to work under the great number of effective statutes. Certain changes in the law were also regarded by the Department of Public Instruction and others as highly desirable.

Although the insurance laws were revised and codified in 1921, there was a feeling among many persons that the time had arrived for a new codification.

Shortly after the approval of the appropriations I assigned to the work of revising the corporation laws Special Deputy Attorney General E. Russell Shockley, employed Assistant Deputy Attorney General Bernard G. Segal to revise the banking and building and loan association laws, and Assistant Deputy Attorney General Paul H. Rhoads to prepare the codification of the school laws. Deputy Attorney General Harold D. Saylor assumed the responsibility for preparing a revision of the insur-

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ance laws, with the assistance of Assistant Deputy Attorney General George W. Keitel.

All of these codifications were introduced into the Legislature at its regular 1933 session. The revisions of the school laws and of the insurance laws were rejected, but the Legislature enacted the Business Corporation Law and the Nonprofit Corporation Law, both of which were approved by the Governor on May 5, 1933, the Building and Loan Code, which the Governor also approved on May 5, 1933, and the Department of Banking Code and the Banking Code, both of which the Governor approved on May 15, 1933. The preparation and passage of these five codes are outstanding achievements of this department and of your administration.

The new Corporation Codes are modern and up to date in every respect; and the Banking and Building and Loan Codes were tremendous steps forward in our State's legislation on these important subjects.

Our Banking Code anticipated by a number of months many of the improvements in banking law which Congress applied to national banks during its Session of 1933.

After these codes were passed, this department prepared, for the use of the departments administering them and of lawyers, banks, building and loan associations, and the public generally, two volumes presenting the new statutes with annotations.

Mr. Shockley prepared the volume entitled "Pennsylvania Corporation Laws," and Mr. Segal the volume entitled "Pennsylvania Banking And Building & Loan Codes." Both volumes were published by the Department of Property and Supplies and offered to the public at the cost of publication. The volume on corporations sold at \$1.50 per copy, and the volume on banking and building and loan laws at \$2.00 per copy. Many thousands of copies of each of these volumes were distributed.

It is interesting to note that many efforts had been made in previous years to have codifications of the laws on these subjects enacted. The effort to have the corporation laws revised dated back to 1915, and as early as 1917 the Legislature created a commission to prepare a revision of the banking and building and loan laws. That commission worked on the subject until 1923, but the Legislature failed to adopt the result of its work.

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In 1931 this department prepared and the Legislature enacted comprehensive amendments to The Administrative and Fiscal Codes. In each case a single amendatory act was passed embodying all the changes which were deemed necessary in these important statutes.

It is our opinion that after any subject of statutory law has once been codified, subsequent sessions of the Legislature ought to enact in a single act all amendments made to any code. We prevailed on the 1931 Legislature to follow this procedure, not only with respect to The Administrative and Fiscal Codes, but also in dealing with the Borough Code, the County Code, the Game Code, the School Code, the Vehicle Code, the Tractor Code, and the First Class Township and Third Class City Laws. This was a precedent which ought to have been followed in 1933, and which should guide future sessions of the Legislature; but, unfortunately, we were not as successful in 1933 as in 1931. However, in that year only one amendatory law was passed making amendments to the Borough Code, the First Class Township Law, The Fiscal Code, the School Code, and the Third Class City Law. But in the case of other codes a number of separate unrelated amendatory acts were passed.

### **Assistance to Workmen's Compensation Board and Referees**

During prior administrations the Department of Labor and Industry, with the approval of the Attorney General, appointed lawyers to assist the Workmen's Compensation Board and referees in the administration of the Workmen's Compensation Law.

As of June 1, 1931, these lawyers became direct employes of this department and have since then been compensated out of the appropriations made to this department.

This work consists of legal advice to members of the Workmen's Compensation Board and workmen's compensation referees and includes assistance to indigent claimants in the presentation of their claims for compensation.

Thousands of claimants have been assisted in this way.

During this administration through the co-operation of the Philadelphia Bar Association a committee of Philadelphia lawyers was created to give assistance to needy local claimants for workmen's compensation. It was found that the lawyers

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employed by this department to aid the compensation officials in Philadelphia County could not adequately give assistance to the number of persons requesting it. Our appropriation did not warrant the appointment of additional attorneys and for this reason the plan was conceived of having a voluntary committee of local lawyers created for this particular purpose.

The plan has been in operation only a part of a year and is an experiment. However, thus far it has proven to be helpful and satisfactory.

### **Contracts**

Every contract to which the Commonwealth, or any department, board, commission or officer of the Commonwealth is a party, must be approved by this department; and all bonds for the faithful performance of their duties by State officers, must be approved by the Attorney General.

Examination of contracts and bonds was concentrated, during this administration, as the special work of Assistant Deputy Attorneys General Charles P. Addams and George W. Keitel.

The following figures indicate, in part, the volume of this work:

General construction contracts approved .....	455
Supplies contracts and performance bonds ap- proved .....	4,422
Fidelity bonds approved .....	7,555
Leases approved .....	3,005
Highway agreements approved .....	927
Fuel contracts approved .....	302
Welfare construction agreements approved....	146
Special printing bids approved .....	803
Total .....	<hr/> <u>17,615</u>

Many forms of contract to be used by the various departments, boards and commissions in their day to day work, were also prepared by this department.

### **Bond Issues**

In 1933 and 1934, \$75,000,000 of State bonds were issued, pursuant to the action of the Legislature and the affirmative vote of the electors.

Through our regular staff we attended to all of the legal work incident to these bond issues.

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### **Municipal Bond Issues**

Throughout this administration we have furnished assistance to the Bureau of Municipalities, Department of Internal Affairs, in connection with its duty to pass upon all municipal bond issues outside of cities of the first and second classes. Formerly a special deputy attorney general was especially assigned to this task, but since February of this year, we have handled it through our regular staff. The work has been capably done by Deputy Attorney General A. Lee Edwards.

Between June 1, 1931 and November 1, 1934, we approved 919 municipal bond proceedings.

### **Forfeiture of Charters**

Throughout this administration we have been cooperating with the Department of Banking and the Insurance Department in having the courts declare forfeited the charters of banking and insurance companies which are no longer functioning.

Quo warranto proceedings were instituted in the Dauphin County Court against 22 banking institutions. In 21 of these cases charters were forfeited and one proceeding was withdrawn.

The charters of 147 insurance companies were forfeited by court decree and one forfeiture proceeding is still pending.

Eleven proceedings were instituted for the dissolution of charters of insurance companies and beneficial associations and the liquidation of their affairs by the Insurance Commissioner. Ten of these companies have been dissolved. One proceeding has not yet been concluded.

### **Extraditions**

One of the duties of this department is to examine and approve or disapprove all applications for the requisition of persons charged with crime.

During this administration we examined and approved 707 requisitions of other states and 527 requisitions on Pennsylvania, making a total of 1,234 extradition proceedings. Hearings were held in 61 cases.

### **Rate and Service Controversies**

On behalf of Muney Industrial Home for Women we participated in a gas rate case before The Public Service Commission;

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and on behalf of Laurelton State Village we opposed before the same body, the application of Pennsylvania Greyhound Transit Company for permission to abandon bus service to the institution.

Neither of these cases has been decided.

### **Veterans' Compensation**

This department cooperated, not only in preparing, but also in administering the legislation providing for the payment of adjusted compensation to veterans of the Spanish-American and subsequent wars, their widows and orphans.

Deputy Attorneys General Thomas W. Bender and Paul L. Hutchison assisted greatly in making possible the record-breaking promptness with which bonus payments were made by the Department of Military Affairs.

### **Bid Openings**

Throughout this administration, a member of the staff of this department attended all bid openings held by the Department of Property and Supplies.

### **Dockets**

As required by law, we have maintained dockets, listing all law suits to which the Commonwealth is a party.

We have also maintained a separate docket for appellate court cases, and, as already stated, complete collection dockets.

### **Alcohol Permit Board and Liquor Control Board**

Due first to the legalization of the manufacture and sale of beer, and subsequently to the repeal of the Eighteenth Amendment, and the passage, late in 1933, of legislation establishing the State Store System for the sale of liquor and the licensing of hotels, restaurants and clubs for the sale of liquor for consumption on the premises, this department's work in this field was very extensive during this administration.

Prior to December 8, 1933, our services were rendered in assistance of the Alcohol Permit Board,—which administered the Alcohol Law of 1926, and therefore had the responsibility of licensing breweries. On December 8, 1933, the Liquor Control Board superseded the Alcohol Permit Board, and since

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then we have cooperated with that Board in administering the 1933 liquor legislation. (Acts of November 29, 1933, P. L. 15 and December 8, 1933, P. L. 57.)

### *Alcohol Permit Board*

#### *Actions before the Board:*

A plan of cooperation with the Federal prohibition authorities was formulated at the beginning of the administration to enforce the provisions of the Alcohol Act of 1926 and the regulations of the Alcohol Permit Board. Six proceedings to revoke permits were instituted before the Board and in all cases the permits were revoked. In two, however, appeals were taken to the Common Pleas Court, and the action of the Board was reversed.

Hearings were conducted on all applications for permit to determine the fitness and reputation of the applicant.

#### *Bond Collections:*

Whenever a permit was revoked by the Board under the Act of 1926 and the Board's action was not reversed by the court, the accompanying bond in the amount of \$10,000 was entered of record. Judgments on four bonds, in the total amount of \$40,000, were entered. A total of \$30,311.17 was collected on bonds entered, and payments are now being made on account of those partly collected.

#### *Liquor Nuisances:*

Padlock proceedings were brought in the City of Philadelphia upon request of the Director of Public Safety. 678 proceedings were filed in the five Common Pleas Courts between January, 1931, and January, 1933. The properties padlocked total 421, in 254 cases bonds were filed, and in 3 the proceedings were dismissed. A plan was inaugurated for the use of the padlocked properties, rent free, by destitute families.

These proceedings were brought without any ultimate costs upon the Commonwealth, as in each case the costs were assessed and entered as a judgment against the violator.

Similar proceedings were also brought in many other counties.

#### *Breweries:*

Proceedings were brought against 17 breweries in 11 counties,

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resulting in closure of 13. Proceedings were dismissed in 4 cases.

In connection with the padlock proceedings against the Reiker Brewery in Lancaster, a prosecution was also brought against Michael Benedict, the operator of the brewery, for bribing a State officer, resulting in his conviction and sentence to two years imprisonment.

### *Pennsylvania Liquor Control Board*

#### *General:*

Assistance was given to the Pennsylvania Liquor Control Board at the time of its organization in preparing the necessary forms, which were distributed within twenty-four hours after the passage of the Liquor Control Act. The procedure on applications, including hearings, was established and regulations prepared under direction of the Board. Every effort was made to keep the public generally informed upon the many questions that arose under the laws of 1933, and numerous opinions were rendered to the Board.

#### *Hearings on Applications:*

Hearings were regularly conducted before the Board on all applications for liquor licenses, whenever there was a question as to the reputation of the applicant or the place. The record, including the testimony, was fully prepared in each case, to be available in case of appeal.

#### *Appeals on Refusal of License:*

The Board was represented in the various courts of Quarter Sessions throughout the State on all appeals from the decision of the Board refusing licenses and location of liquor stores.

#### *Revocations:*

A large number of proceedings to revoke liquor licenses have been instituted. Upwards of 50 licenses have been revoked or suspended.

In all the cases where the license was revoked, a demand has been made for the payment of the bond in the amount of \$2,000, and in every case where the payment has been refused judgment has been entered on the bond.

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### *Quo Warranto Proceedings against Clubs:*

This procedure was invoked to combat the chartered club "racket" which came into existence with the licensing of clubs for the sale of beer and liquor. Under the Liquor Control Act, nonprofit clubs incorporated for at least six months are entitled to a Club Liquor License, and the Board has no discretionary power to refuse such a license on account of reputation of place or individual.. This was established by the Court of Quarter Sessions of Philadelphia on January 12, 1934, on the appeal of the Neptune Club from the decision of the Board refusing the license.

Under a club liquor license, liquor may be sold at all hours except on Sunday, and in addition, a club may maintain a bar without any requirement as to space, kitchen, equipment, employes, or service of meals, as in the case of hotels and restaurants. The license fee for a club is fifty dollars, while the hotel and restaurant fee in Philadelphia is six hundred dollars. As a result, every "speakeasy" operator in Philadelphia proceeded to obtain a charter of some defunct organization in order to obtain and operate under a club license.

The demand for old club charters was largely met by a few unscrupulous persons. Charters of clubs long out of existence were copied from charter books in the recorder of deeds office, presented to the recorder for certification, and then elaborately engrossed. Records and minutes were prepared to show continued existence, and then the charter and records were sold to persons for the purpose of obtaining a club liquor license.

The Board was flooded with applications for club liquor licenses, and was without legal authority to refuse them. This condition threatened, at the time, the entire licensing system created by the Liquor Control Act. An appeal was made to Superintendent Joseph A. LeStrange of the Philadelphia police force, who, in a fine spirit of cooperation, ordered a city-wide investigation of every nonprofit club in existence. The police seized the charter of every organization which could not satisfactorily explain where it was obtained, or which could not show continued existence from the time of incorporation. During this drive, while making an investigation of a questionable club, a police officer was killed. Approximately two hundred charters were seized and lodged in city hall. Of this number,

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fifty-three had club liquor licenses issued by the Board. When the charter was seized, the place was ordered closed by the police and further operation ceased. This included places holding liquor licenses.

Subsequently, petitions in quo warranto were filed to rescind these charters. A total of one hundred ninety-two cases were prepared by the city police under our supervision, and filed in the five common pleas courts. Following are the results:

Charters of unlicensed clubs rescinded .....	73
Charters of licensed clubs rescinded .....	30
	— 103
Proceedings dismissed .....	10
Proceedings pending .....	79
(Includes 66 started August 18, 1934)	192

Of the 79 cases pending, 19 hold club licenses. Three of these licenses were revoked for liquor law violations and the quo warranto proceedings continued pending the collection of the bonds.

None of the 103 clubs whose charters were rescinded had a record of violation of the liquor law. Most of them had been in operation as clubs only a short time and closed when the charter was seized by the city police. Seventy-three of these had no license and no bond. The remaining 30 had club liquor licenses, with bonds of \$2,000 each. But as none of these licensed clubs was charged with liquor law violations, no grounds existed for a revocation of the license and the collection of the bond. Hence it was impossible to enter judgments and make collections in these cases.

Special Deputy Attorney General Knauer was untiring in his zealous prosecution of this branch of our work; and the other men especially assigned to it have cooperated splendidly.

## **Liquor Floor Tax Cases**

By the Act of November 22, 1933, P. L. 5, the Legislature imposed a floor tax at the rate of \$2.00 per gallon upon all spirituous and vinous liquors in the Commonwealth on or before the fifth day after the act's approval. Upwards of 7,000,000 gallons of liquor became subject to this tax.

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Immediately after the approval of the act, suits in equity were brought in the District Court of the United States for the Western District of Pennsylvania, asking that the Attorney General, the Secretary of Revenue, and its agents be enjoined from collecting the tax from A. Overholt and Company, Inc., Large Distilling Company, and Joseph S. Finch and Company. The bills in equity alleged that the tax act was unconstitutional under the Fourteenth Amendment of the Federal Constitution.

On November 27, 1933 the District Court granted temporary injunctions.

The contention of the plaintiffs was that a preponderance of the taxed liquor was green whiskey having a value far less than the tax imposed upon it and that therefore the tax was confiscatory.

Subsequent to the granting of the preliminary injunctions, negotiations were begun looking towards the adjustment of the controversy; and it was finally agreed that the suits would be withdrawn if the Liquor Control Board would undertake to purchase from the floor taxed distillers during the year 1934 a quantity of liquor equal to that upon which the tax was imposed and that extensions of time would be granted to the distillers to pay the floor tax so that as the Commonwealth paid for a gallon of whiskey the distillers would pay floor tax on a gallon. The Liquor Control Board entered into these agreements and the suits were discontinued with the understanding, however, that if the Liquor Control Board failed to fulfill its agreement to purchase the stipulated quantity of whiskey from the plaintiffs, they shall have the right to renew their suits without prejudice.

It was estimated that the quantity of whiskey which the board agreed to purchase was approximately one-half of one year's supply, based on pre-prohibition consumption; but it developed that the demand for whiskey after the repeal was far less than prior to prohibition. Therefore, it became necessary for the Liquor Control Board to ask for extensions of time from the plaintiff distillers for carrying out the board's commitment to purchase whiskey. The distillers agreed to the extensions requested.

The result of the settlement of these law suits is that the Commonwealth has been collecting its floor tax, but because of

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the inability of the board to purchase whiskey in the quantities stipulated in its agreements with the plaintiff distillers, the tax will not be paid in full until sometime in the future.

### **Examining Boards**

This department, throughout your administration, has co-operated wholeheartedly with the various boards established by the Legislature to examine applications to practice various professions and occupations.

This work was handled first by Deputy Attorney General Penrose Hertzler and after his resignation, by Deputy Attorney General A. Lee Edwards. These men have attended most of the meetings of a number of these examining boards and have supervised many prosecutions for violation of the various regulatory laws.

Following is a statement showing enforcement activities of some of these boards:

#### *Prosecutions Convictions Acquittals*

State Board of Medical Education and Licensure .....	56	43	13
State Board of Undertakers .	2	1	0
Dental Board .....	13	9	0
Pharmacy Board .....	129	125	4
Real Estate Board .....	14	10	3
Beauticians Licensing Division	52	34	12
Total .....	266	222	32

### **Milk Control**

At its 1933 regular session the Legislature authorized a legislative investigation of the production, preparation, distribution, and marketing of milk. See Joint Resolution of May 25, 1933, P. L. 1034.

Special Deputy Attorney General Charles Klein was assigned to assist the Joint Legislative Committee in conducting its hearings and preparing its report.

Subsequently, Deputy Attorney General Bernard G. Segal was assigned the task of preparing for the 1933 special session of the Legislature a milk control act. Aided by a joint com-

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mittee of the House and Senate, Mr. Segal drafted the Act of January 2, 1933, 1933-1934, P. L. 174, which became effective immediately upon its approval by the Governor. A large portion of Mr. Segal's time since January 2 of this year has been devoted to the work of the Milk Control Board. The facts regarding the work of that board are contained in the board's report to you, and need not be repeated here.

### **Delaware River Joint Commission**

From January, 1932, to date we have provided Pennsylvania's share of legal assistance to the Delaware River Joint Commission, without cost to the Commission. Deputy Attorney General Saylor accepted this assignment in addition to his other work for the State.

### **Special Prosecutors**

Under Section 907 of The Administrative Code the Attorney General is authorized, upon request of the president judge of the court of any county, to appoint a special prosecutor to investigate and prosecute any alleged violations of the criminal law.

During this administration special prosecutors have been requested and appointed in the following cases:

Commonwealth v. Ralph J. Rinalducci, Joseph Trunk and Brooks Cassidy—Montgomery County.

Charges—Assault and battery, conspiracy to commit aggravated assault and battery, false imprisonment, and conspiracy to commit false imprisonment.

Special Prosecutor, Deputy Attorney General Herman J. Goldberg.

Mr. Goldberg served without additional compensation, and obtained a conviction of all the defendants. The conviction was sustained by the Superior Court, but set aside by the Supreme Court. Mr. Goldberg, having been appointed a Public Service Commissioner, resigned as Special Prosecutor and Lemuel B. Schofield, Esquire, of Philadelphia was appointed in his stead. On a retrial of the case the defendants were acquitted.

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Commonwealth v. Jake Lehman, George Steiner, James Dineno and Michael Gallagher—Montgomery County.

Charge—Murder.

Special Prosecutor, Samuel H. High, Esquire.

The defendants were convicted and the convictions were sustained by the Supreme Court. Mr. High's compensation was fixed at \$5,000.

Commonwealth v. 111 defendants in separate cases—Montgomery County.

Charged with various crimes.

Special Prosecutor, J. Stroud Weber, Esquire.

Mr. Weber concluded the work assigned to him and his compensation was fixed at \$750.

Investigation of Certain Election Frauds Alleged to Have Occurred in Lackawanna County at the Election Held in November, 1933.

Special Prosecutor, Joseph B. Jenkins, Esquire, and Assistant Special Prosecutors, George Morrow, Esquire, Harry W. Mumford, Esquire, and Henry Nogi, Esquire.

After investigating the charges, presentments were made by the grand jury and a large number of defendants were indicted and convicted.

Mr. Jenkins' compensation was fixed at \$5,000.

Commonwealth v. Howard S. Greene, David Ballentine and F. K. Moran—Chester County.

Charge—Conspiracy at common law, involving jury wheel tampering.

Special Prosecutor, Deputy Attorney General Herman J. Goldberg, who served without additional compensation.

The defendants pleaded guilty.

Commonwealth v. Bruno et al.—Schuylkill County.

Charge—Murder.

Special Prosecutor, Albert C. Thomas of Meadville.

Assistant Special Prosecutor, George H. Rowley, Esquire, of Greenville, Mercer County.

As this report is written, indictments have been found, but the cases have not yet been tried.

### **Investigation of the Public Service Commission**

Early in this administration charges of improper conduct were made against certain members of the Public Service Commission. This department was requested to cooperate with a committee of the State Senate in investigating the charges.

A large amount of evidence was obtained by this department and brought to the attention of the Senate Investigating Committee.

One member of the Public Service Commission resigned before the investigation got under way, and as the result of the disclosures made during the investigation the chairman of the commission also resigned.

The services of Special Deputy Attorney General Charles Klein were particularly noteworthy in connection with this investigation.

### **State Board of Pardons**

At the beginning of this administration the Rules of the Board were completely revised.

Changes were made which simplified the practice before the Board, reduced the cost of making applications and eliminated excessive fees of attorneys.

Prior to the change in the rules applicants for clemency were compelled to file transcripts of the notes of testimony and a certified copy of the court record, including the docket entries, minutes of the court, copies of indictments, pleas, verdicts, and sentences. The cost of the transcripts varied but very few cost less than the entire amount now paid properly to present a case to the Board.

Under the new rules the total cost of presenting a case is \$11.00, which represents a charge of \$1.00 for a set of forms, and a \$10.00 filing fee.

Under the old rules, applicants were compelled to advertise notice of intended applications once a week for two consecutive weeks in a newspaper of general circulation published in the county or city in which the convictions were had, and proof of publication had to be filed with the Board. The cost of advertising, especially in metropolitan newspapers, was a considerable burden on most applicants.

Under the old rules the applicant was also required to serve notice of intention of applying for clemency, with a complete

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copy of the application, on the trial judge, if living, and if not living, on the president judge of the court or one of the courts of the county in which the conviction was had, on the present district attorney who prosecuted the case as well as on the private prosecuting attorney, if any, on the warden or keeper of the prison in which applicant was confined, and in cases where conviction was had for the commission of crime in any city of the Commonwealth, on the mayor and head of the police department of such city.

Under the new rules, applicants file one original and nine copies of the application on forms furnished by the Board. The Board advertises cases listed for hearing, and serves copies on the judge, the district attorney, the board of trustees of the institution of confinement, and the state supervisor of paroles.

Formerly all cases filed were heard in open session by the Board.

Under the new rules, the Board considers all except capital cases, first in executive session. If a case appears to have merit a hearing is granted; otherwise a hearing is refused.

Before the Board considers any case, comment is invited from those to whom copies of the application were sent. So that there may be no question about the propriety of comment by the judge and district attorney, the Board requested the Legislature to pass the Act of April 24, 1931, P. L. 71, rendering it the mandatory duty of these officers upon request to give to the Board information and advice regarding pending applications.

Two important questions must be answered on the forms now furnished by the Board.

The first relates to employment. All applicants must show that they will have legitimate employment, unless disabled by reason of age or health before the Board will recommend clemency. The applicant must also tell by whom he will be employed, and this as well as other averments in the application are investigated by parole officers during the interim between the granting of a hearing and the date of hearing. The Board has also required a guarantee of employment from all prisoners confined in penitentiaries who have been recommended for release on parole at the expiration of their minimum sentences.

In addition the applicant must state the fee which he or any other person has paid or has agreed to pay the person appearing before the Board in his behalf. This has eliminated from prac-

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tice before the Board, a certain type of lawyer who for a fee, usually exorbitant, guaranteed to prisoners their freedom. Fees have been carefully scrutinized by the Board, and in some cases attorneys were ordered to reduce their fees.

Applicants for clemency instead of being confused by a complicated and expensive system of procedure as they were under the old rules, now have only three steps to take. They must:

- (1) Secure a set of forms for \$1.00 from the Board and have them properly filled out.
- (2) Return original and eight copies to the Board with a \$10.00 filing fee.
- (3) If a hearing is granted, have some one appear in Harrisburg to present the case.

The members of the Board have shown an unusual interest in the work of the Board. They have met with the boards of trustees of the Eastern and Western State Penitentiaries, and the Pennsylvania Industrial School to discuss problems of clemency and parole. The Board has cooperated with the Federal Government in deportable cases, and in such cases has required a waiver of objection to deportation before recommending parole.

The work of the Board has also been conducted at a substantial saving of money to the State. Formerly a calendar was printed for each session of the Board. The cost of printing ranged from \$25.00 to \$50.00 per month. The calendars are now mimeographed at a cost of approximately fifty cents per month. A Kardex system was installed, replacing an antiquated system of keeping the records. Prior to this administration no fees were charged for filing and there were no official forms. The fees now charged have made the work of the Board practically self-sustaining.

The Board in the present administration up to November 1, 1934, considered 2,616 cases, and recommended to the Governor 53 pardons, 464 commutations of penitentiary or reformatory sentences, and 6 commutations of the death sentence to life imprisonment.

A detailed comparative summary of the recommendations of the Board of Pardons from 1915 to November 1, 1934, is attached.

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It will be noted that the present Board recommended comparatively few pardons. All but four of those recommendations were for persons who had already been released from confinement and who over a period of years had clearly demonstrated their ability to avoid criminal activities. These recommendations were made only for good and sufficient reasons. Mere good behavior subsequent to release was not sufficient. Proof that a pardon was needed to improve economic status, restore certain rights lost by conviction or to prevent deportation when deportation would have been a cruel and unnecessary punishment were some of the reasons for which the Board recommended pardons.

The reasons for recommending pardons for the four prisoners were, in one case, to prevent deportation and on recommendation of the Federal authorities, and in the other three, after-discovered evidence establishing innocence.

### Record of the Board of Pardons

Year	Applications	Pardons Recommended	%	Commutations Recommended	%	Electrocutions	Commutations
1915 -----	201	90	44.8	-----	-----	4	3
1916 -----	187	80	42.8	-----	-----	16	0
1917 -----	142	72	50.7	-----	-----	11	4
1918 -----	226	100	44.2	-----	-----	18	2
Total -----	756	342	Av. 45.3	-----	-----	49	9
1919 -----	209	55	26.3	-----	-----	10	2
1920 -----	306	83	27.1	-----	-----	16	1
1921 -----	316	98	31.0	-----	-----	18	4
1922 -----	453	146	32.2	-----	-----	27	10
Total -----	1,284	382	Av. 29.1	-----	-----	71	17
1923 -----	517	172	33.3	-----	-----	4	11
1924 -----	679	153	22.5	-----	-----	14	6
1925 -----	429	106	24.7	-----	-----	20	8
1926 -----	414	98	23.7	-----	-----	7	2
Total -----	2,039	529	Av. 26.0	-----	-----	45	27
1927 -----	441	93	21.1	-----	-----	7	2
1928 -----	411	89	21.7	-----	-----	16	0
1929 -----	450	118	26.3	9	2.0	4	2
1930 -----	548	106	19.3	102	18.6	8	0
Total -----	1,850	406	Av. 22.1	111	Av. 5.1	35	4
1931 -----	648	10	1.5	113	17.4	16	3
1932 -----	593	7	1.18	90	15.1	5	1
1933 -----	737	21	2.85	149	20.2	3	2
1934* -----	638	15	2.3	112	17.5	8	0
Total -----	2,616	53	Av. 1.9	464	Av. 18.3	32	6

\* To Nov. 1, 1934.

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### **Parole Supervision**

Parole supervision by the State was authorized by the Acts of May 1, 1929, P. L. 1182, 1183 and 1184. Under those acts this department is responsible for the personnel of our parole service, but the work is done under the direction of the State Board of Pardons.

It was not until the close of the last administration that the parole service was actually inaugurated, and when this administration began the service had been established only in the Counties of Philadelphia and Allegheny. Thus on January 1, 1931, 596 parolees had been placed under supervision. At that date the personnel of the service consisted of one Supervisor, one Chief Parole Agent, two Senior Parole Agents, nine Junior Parole Agents and three stenographers.

Immediately after the approval of the appropriation for this work for the biennium beginning June 1, 1931, the service was extended to cover the entire State. Six district headquarters were established and the entire State was divided into the same number of districts.

On November 1, 1934 our parole service had under supervision 3,724 Pennsylvania cases and 333 cases of other states, making a grand total of 4,057.

We supervise parolees from other states under reciprocal agreements with California, Connecticut, Illinois, Indiana, Maryland, Massachusetts, Michigan, New Jersey and New York. All of these states in return for our supervision of their parolees supervise Pennsylvania parolees in their respective states.

The following table shows the distribution of the 3,724 Pennsylvania cases under supervision on November 1, 1934:

	<i>E.S.P.</i>	<i>W.S.P.</i>	<i>P.I.S.</i>	<i>Fem.</i>	<i>Total</i>
Reporting regularly...	1,569	1,053	584	10	3,216
Not reporting .....	45	5	14	0	64
Uncaptured violators .	130	77	27	2	236
Captured violators ...	88	63	57	0	208
	—	—	—	—	—
	1,832	1,198	682	12	3,724

Included in the 3,724 active cases are 454 cases whose sentences were commuted by the Governor upon the recommenda-

## *Appendix—Justice*

tion of the Board of Pardons. The following table will show the distribution of these cases:

	<i>E.S.P.</i>	<i>W.S.P.</i>	<i>Fem.</i>	<i>Total</i>
Reporting regularly .....	218	213	2	433
Not reporting .....	1	1	0	2
Uncaptured violators .....	6	3	0	9
Captured Violators .....	4	6	0	10
	—	—	—	—
	229	223	2	454

Our present force consists of a State Supervisor of Paroles, seven Senior Parole Agents, twenty Junior Parole Agents, and twelve stenographers, a total of forty employees. The present cost of this service is at the rate of \$240,000 per biennium.

There is no doubt whatever but that this service saves to the counties of Pennsylvania in costs of confining prisoners in our penitentiaries and reformatories several times the amount of the State appropriation.

In addition, apart from monetary considerations, this service is invaluable in redeeming hundreds of persons who have committed violations of the criminal statutes.

The service includes not only active supervision over the activities of parolees through the submission by them of monthly reports, but also includes such activities as obtaining employment, hospitalization, and other aids to those who have in the past transgressed, but who, through this service, are being given an opportunity to be useful, upright citizens.

It would be a calamity if this service were to be abandoned.

### **Board of Commissioners of Uniform State Laws**

During this administration this Board has consisted of President Judge Wm. M. Hargest of the Court of Common Pleas of Dauphin County, Wm. R. Scott, Esquire, of Pittsburgh, and the Attorney General.

The Commissioners have attended the annual meetings of the Conference of Commissioners on Uniform State Laws and have faithfully performed their duties.

Judge Hargest was honored by the Conference by election as its president during the years 1931 to 1933, inclusive; and the other commissioners have filled important committee assignments.

## *Appendix—Justice*

During this administration the Legislature enacted the Uniform Automobile Liability Security Act (1933) and the Uniform Firearms Act (1931).

### **Board of Finance and Revenue**

The Attorney General is a member of this Board. During this administration the Board's work has increased tremendously, due to the duties imposed upon it by The Fiscal Code of 1929.

Deputy Attorney General Philip S. Moyer, by designation of the Attorney General, with the approval of the Governor, was assigned to sit at all hearings before the Board, instead of the Attorney General. A very large portion of his time was devoted to the Board's work.

### **Board of Property**

The Attorney General is a member of this Board but throughout this administration Deputy Attorney General James W. Shull has served in his stead, by designation of the Attorney General with the approval of the Governor, as authorized by Section 213 of The Administrative Code.

The Board considered 12 applications for warrants and held hearings in 9. Much testimony was taken in the 9 cases and opinions were written containing findings of fact and conclusions of law. The cases consumed months of time and involved many thousands of dollars. No appeals were taken from the decrees entered by the Board.

### **Personnel**

The number of employes engaged in the legal work of this department has increased during this administration from 35 (at the beginning) to 72 (at present).

These figures exclude employes of the Board of Pardons and of the parole supervision division of this department.

The assumption by this department of new duties, as previously outlined in this report accounts for an increase of 16 lawyers; as follows:

Assistance to registers of wills, 10 at total salaries of \$38,300 per annum.

## *Appendix—Justice*

Assistance to Workmen's Compensation Board and referees, 5 at total salaries of \$14,800 per annum.

Title work, 1 at \$4,200 per annum.

Of the remaining 21 employes added to the payroll of this department 6 are lawyers attending to the local work of the department in their respective counties who have been put on a salary basis instead of on a fee basis. These lawyers not only attend to our general work but also assist registers of wills and county officers in collecting Commonwealth revenue.

As previously stated these lawyers are employed in Berks, Lancaster, Delaware, Montgomery, Lackawanna, and Luzerne Counties. The annual salary of these 6 men is \$11,500. Placing these men on the salary roll has unquestionably accounted for a substantial saving to the Commonwealth as against the fees we would have been obliged to pay lawyers in these same counties for doing the same volume of work.

The 15 remaining additional employes are:

Lawyers .....	8
Collection assistant .....	1
Investigator .....	1
Administrative force .....	10
—	
Total .....	15

This represents a 20% increase in the lawyers attending to the general work of the department and a 50% increase in our administrative staff.

In view of the fact that there were three special sessions of the Legislature during this administration, that the general work of this department was at least twice as heavy as during the preceding administration, and that our collections were four times those of the last preceding administration, it is obvious that both the legal and administrative forces of this department have done many times more work per dollar of expense than was done during the previous administration.

This does not reflect any discredit on the prior administration, but it is definite evidence of the zeal, the loyalty and the unselfish devotion to their duties of the men and women of this department. No staff could have co-operated more splendidly than they have done.

## *Appendix—Justice*

When the system of furnishing legal assistance to county officers in collecting State revenue was changed in 1931, we reduced the payroll for all legal assistance in Philadelphia and Allegheny Counties from \$77,700 per annum to \$54,900 per annum, a saving of \$22,800 a year, or \$45,600 a biennium. Since then the cost has been increased only \$1,000 a year or \$2,000 a biennium, so that there has been a saving of more than \$20,000 a year to the Commonwealth in the cost of this work during more than 3 years of your administration.

The maximum salary paid to any member of our staff during this administration was \$6,000 per annum.

### *Pardon Board*

The Pardon Board employes were formerly carried on the payroll of the Department of State. During this administration they have been carried on the payroll of this department. The number of employes has increased by one, and the total payroll by \$780 per annum.

The salary of the secretary was reduced from \$3,600 to \$3,000. The one additional employe was necessitated by a complete change in the method of handling applications for pardon and the papers evidencing the Governor's action upon recommendations of the board.

Formerly a large part of this work was done by the general stenographic staff of the Department of Justice. Now all of the Pardon Board work is done by the employes particularly assigned to that work.

In addition, it is only fair to say that during the last year of the previous administration one stenographer on the general payroll of the Department of State was constantly assigned to the Board of Pardons to assist in its work.

The increase of one is, therefore, not an actual increase, but merely a shift in payroll accounting.

### *Parole Supervision*

The number of employes in this service has been increased from 16 to 40.

At the beginning of this administration only 2 counties of the State were organized for parole supervision,—Allegheny and Philadelphia.

## *Appendix—Justice*

Now our parole supervision is State wide in scope covering, through 6 districts, every county in the State.

This service today is undermanned with the result that our employes are carrying case loads which are almost 50% heavier than they ought to be.

The work could be much more effectively done if we had an adequate number of field agents to do it.

### *Lawyers and Assignments—Harrisburg*

Following is a list of the lawyers who have served in this department during this administration and their assignments:

Assistant Deputy Charles P. Adams, January 18, 1895, to date	Contracts, Leases and bonds.
Deputy Philip S. Moyer, January 7, 1924, to date	Department of Revenue Board of Finance and Revenue
*Deputy Penrose Hertzler, September 16, 1925 to September 15, 1931	Professional examining boards State Police Workmen's Compensation
Deputy S. M. R. O'Hara, February 7, 1927, to date	Department of State Department of Welfare State Employees' Retirement Board School Employees' Retirement Board Investment bond defaults
Deputy James W. Shull, February 7, 1927, to date	Department of Forests and Waters Department of Agriculture Board of Fish Commissioners Board of Game Commissioners Extraditions Board of Property
*Deputy Roscoe R. Koch, March 9, 1927 to February 15, 1931	Department of Highways Bureau of Motor Vehicles
*Deputy John A. Moss, May 15, 1931 to July 15, 1934	Department of Labor and Industry
Assistant Deputy George W. Keitel, July 15, 1934 to date	Collections Extraditions Board of Finance and Revenue
Deputy John Y. Scott, June 1, 1929, to date	Treasury Department Department of Banking Insurance Department The Delaware River Joint Commission
Deputy Harold D. Saylor, December 5, 1929, to date	

(\* Those thus indicated are no longer connected with the department)

## *Appendix—Justice*

Deputy A. L. Edwards, November 25, 1929, to date	Professional examining boards Pennsylvania State Police Department of Internal Affairs Workmen's Compensation Board State Workmen's Insurance Fund Extraditions
Deputy Harris C. Arnold, November 24, 1930, to date	Department of Public Instruction State Emergency Relief Board Auditor General's Department Briefs
Deputy E. Russell Shockley, January 16, 1931, to date	Department of Revenue (Inheritance Tax) Department of State Legislative Work
Deputy Thomas W. Bender, January 27, 1931, to date	Department of Property and Supplies Department of Military Affairs
Special Deputy William Neely, January 27, 1931, to date	Pennsylvania Securities Commission
*Deputy Herman J. Goldberg, March 16, 1931 to July 10, 1933	Department of Revenue
*Deputy Paul L. Hutchison, August 1, 1931 to December 16, 1934	Title Work
*Assistant Deputy Lucien B. Carpenter, January 13, 1932 to February 15, 1933	Department of Health Department of Internal Affairs
*Attorney Paul H. Rhoads, May 23, 1932 to April 15, 1933	Prepared codification of school laws for presentation to the Legislature
Assistant Deputy George W. Keitel, May 23, 1932, to date	Bid openings Contracts Court detail Docket
Deputy Bernard G. Segal, June 1, 1932, to date	Department of Health Milk Control Board
Assistant Deputy James A. Strite, March 19, 1934, to date	Department of Labor and Industry Special briefing and opinion work
*Special Deputy John B. Myer, June 1, 1931 to February 12, 1934	Bureau of Municipalities

### *Alcohol Permit Board and Liquor Control Board Attorneys*

\*Special Deputy Robert Ewing, Pittsburgh, September 1, 1926 to February 15, 1931.

\*Special Deputy Wilhelm F. Knauer, Philadelphia, June 1, 1927 to December 15, 1934.

(\* Those thus indicated are no longer connected with the department)

## *Appendix—Justice*

\*Special Deputy Ralph H. Smith, Pittsburgh, February 15, 1931 to December 7, 1932.

\*\*Special Deputy Fred W. Davis, Stroudsburg, June 1, 1931 to date.

Special Deputy Horace A. Segelbaum, Harrisburg, January 23, 1934 to date.

Special Deputy John M. Walker, Pittsburgh, January 23, 1934 to date.

\*\*Mr. Davis also attended to all of the State's legal work in Monroe County, and for a time also assisted in closed bank work.

## *Workmen's Compensation Lawyers*

Attorney John S. Miller, Somerset, June 1, 1931 to date.

\*Attorney Todd Daniel, Philadelphia, June 1, 1931 to October 16, 1931.

Attorney J. Harry Morosini, Scranton, August 1, 1931 to date.

Attorney Edmund Blanchard, Bellefonte, December 16, 1931 to date.

Attorney Robert L. Wallace, Pittsburgh, June 1, 1931 to date.

\*Attorney Thomas M. J. Reagan, Philadelphia, June 1, 1931 to June 19, 1933.

Attorney Paul Ferguson, Philadelphia, February 23, 1934 to date.

## *Workmen's Insurance Fund Attorney*

Ralph H. Behney, Lebanon, April 1, 1927 to date.

## *Salaried Local Attorneys*

### *Allegheny County*

#### *General Work:*

\*Special Deputy David Glick, June 1, 1927 to October 1, 1931.

\*Special Deputy Ralph H. Frank, June 1, 1931 to February 15, 1932.

\*Special Deputy George P. Murray, March 16, 1932 to December 31, 1932.

Special Deputy John D. Meyer, February 15, 1933 to date.

Attorney Joseph A. Langfitt, Jr., February 15, 1933 to date.

#### *Inheritance Tax:*

Special Deputy H. Stanley Douglass, September 15, 1931 to date.

\*Attorney Howard Neeley, August 15, 1931 to April 1, 1932.

Attorney Edward O. Spotts, March 16, 1932 to date.

Attorney Alexander Cooper, September 1, 1931 to date.

### *Berks County*

Attorney P. Herbert Reigner, September 1, 1931 to date.

### *Delaware County*

Attorney G. Harmon Webb, October 1, 1931 to date.

### *Lackawanna County*

Attorney Vandling D. Rose, February 16, 1934 to date.

### *Lancaster County*

Attorney Louis S. May, October 1, 1931 to date.

(\* Those thus indicated are no longer connected with the department)

## *Appendix—Justice*

### *Luzerne County*

Attorney Roscoe B. Smith, February 16, 1934 to date.

### *Montgomery County*

Attorney Edward M. Hawes, December 19, 1933 to date.

### *Philadelphia County*

#### **General Work:**

\*Special Deputy Charles W. Coulston, June 1, 1931 to October 1, 1931.

Special Deputy Charles Klein, June 1, 1931 to date.

Special Deputy Leo Weinrott, June 1, 1931 to date.

#### **Inheritance Tax:**

Special Deputy Robert M. Boyle, September 15, 1932 to date.

Special Deputy William Boenning, September 15, 1932 to date.

Attorney H. Horace Dawson, September 15, 1932 to date.

Attorney Robert W. Finletter, September 15, 1932 to date.

Attorney Keller H. Gilbert, September 15, 1932 to date.

Attorney Charles Schofield, September 15, 1932 to date.

Attorney Harry Schultz, September 15, 1932 to date.

## **Closed Bank Attorneys**

#### **Supervisor of closed bank work:**

Special Deputy Shippen Lewis, Philadelphia.

<b>Attorney</b>	<b>County</b>	<b>Assignment</b>
Abbott, Edwin M.	Philadelphia	Northwestern Trust Co., Philadelphia
Acheson, C. L. V.	Washington	First Bank and Trust Co., Washington Union Trust Co., Washington
Armstrong, Thomas H.	Mercer	The Colonial Trust Co. of Farrell Dollar Title and Trust Co., Sharon People's Bank, Farrell
Barnhart, Frank P.	Cambria	Title Trust and Guarantee Company, Johnstown
Baylinson, Max C. (Assistant)	Philadelphia	Haddington Title & Trust Company, Philadelphia Hamilton Trust Co., Phila.
Brooks, John B.	Erie	American State Bank, Erie Erie Trust Company, Erie
Brown, Reynolds D.	Philadelphia	Girard Avenue Title & Trust Company, Philadelphia Jefferson Title & Trust Company, Philadelphia
Buckman, J. Hibbs (Special Deputy Attorney General)	Philadelphia	Bankers Trust Co., Philadelphia Plaza Trust Company, Philadelphia Susquehanna Title & Trust Co., Philadelphia.

(\*Those thus indicated are no longer connected with the department)

*Appendix—Justice*

<b>Attorney</b>	<b>County</b>	<b>Assignment</b>
Childs, Louis M., II. (Assistant)	Montgomery	Glenside Bank & Trust Co., Glenside
Coulston, Charles Woods (Special Deputy Attorney General)	Philadelphia	Glenside Trust Co., Glenside Willow Grove Trust Co., Willow Grove
Courtney, James O.	Somerset	Mortgage Security Trust Co., Philadelphia
Crawford, Winfield W.	Philadelphia	Parkway Trust Co., Philadelphia
Culbert, Joseph A. (Assistant)	Philadelphia	Wharton Title and Trust Co., Philadelphia
Curtze, Alban W. (Assistant)	Erie	U. S. Bank and Trust Co., Philadelphia
Davis, Fred W.	Northampton	Citizens State Bank, Salisbury
Donnelly, Frank E. (Deceased) 12-15-34	Lackawanna	Richmond Trust Co., Philadelphia
Fitzgibbon, J. A.	McKean	Manayunk Trust Company North Central Trust Company Roxborough Trust Company
Fornance, Joseph K. (Assistant)	Montgomery	American State Bank of Erie Erie Trust Company, Erie
Forsht, Ruth (Miss)	Allegheny	Bangor Trust Co., Bangor
Forster, Paul V. (Assistant)	Philadelphia	Anthracite Trust Co., Scranton Bosak State Bank, Scranton Miners Savings Bank and Trust Company, Olyphant
Freedman, Clarence M. (Assistant)	Philadelphia	McKean County Trust Co., Bradford
Gaul, Heilner H.	Philadelphia	Counties Title and Trust Co., Ardmore Royersford Trust Co., Royersford
		Bank of Secured Savings, Pittsburgh Homewood Peoples Bank, Pittsburgh Merchants Savings & Trust Co., Pittsburgh Tarentum Savings & Trust Co., Tarentum
		County Trust Co., Philadelphia Security Title & Trust Co., Philadelphia
		Central Trust and Savings Company, Philadelphia
		Olney Bank and Trust Co., Philadelphia

*Appendix—Justice*

<b>Attorney</b>	<b>County</b>	<b>Assignment</b>
Gawthrop, Thomas	Chester	Chester County Trust Co., West Chester Coatesville Trust Company, Coatesville
Gillespie, Arthur T. (Assistant)	Lehigh	Allentown Trust Co., Allen- town Bangor Trust Co., Bangor Jordan State Bank, Allentown Pen Argyl Trust Company, Pen Argyl Ridge Avenue Deposit Bank, Allentown
Gettig, Musser W.	Centre	The Snow Shoe Bank, Snow Shoe
Glassman, William	Warren	Conewango Trust Company, Warren
Glick, David (Special Allegheny Deputy Attorney General)		Bank of America Trust Co. Bank of Secured Savings, Pittsburgh Citizens Trust Co., Bellevue Franklin Savings and Trust Company Homewood Peoples Bank Merchants Savings and Trust Company Pennsylvania Trust Co., Pittsburgh Real Estate Savings and Trust Co. Pittsburgh-American Bank and Trust Co. Tarentum Savings and Trust Co.
Gottlieb, Sidney (Assistant)	Allegheny	Bloomfield Trust Company Estate of Michael Berardini Citizens Trust Co., Bellevue Franklin Savings and Trust Company Garfield Bank Pittsburgh-American Bank and Trust Company.
Haas, Robert E.	Lehigh	Allentown Trust Co., Allen- town Bangor Trust Co., Bangor Jordan State Bank, Allen- town Pen Argyl Trust Co., Pen Argyl Ridge Avenue Deposit Bank, Allentown
Hackney, Henry East- man	Fayette	Title & Trust Co. of Western Pennsylvania, Connellsville
Haggerty, M. E.	Clinton	State Bank of Renovo, Re- novo

*Appendix—Justice*

<b>Attorney</b>	<b>County</b>	<b>Assignment</b>
Hanmer, Harold	Greene	Peoples Bank of Greensboro, Greensboro
Harris, Reese H.	Lackawanna	Anthracite Trust Co., Scranton Bosak State Bank, Scranton Carbondale Miners & Mechanics Savings Bank, Carbondale Simpson State Bank, Simpson
Hecht, Lester S. (Assistant)	Philadelphia	Aldine Trust Co., Phila.
Heine, H. Eugene	Philadelphia	Haddington Title & Trust Co., Phila. Hamilton Trust Co., Phila.
Herman, Philip (Assistant)	Philadelphia	Bankers Trust Co., Phila.
Jones, Glenn C. (Assistant)	Allegheny	Bank of America Trust Co. Pennsylvania Trust Co. Pittsburgh-American Bank & Trust Co. Real Estate Savings & Trust Co.
Judson, John C.	Washington	Monongahela City Trust Co., Monongahela Washington Trust Co., Washington
Kaercher, George H.	Schuylkill	Citizens Bank of St. Clair, St. Clair Miners State Bank, Minersville Victory Banking Trust Co., Girardville
Klein, Richard H.	Northumberland	Farmers & Mechanics Bank, Northumberland North Branch Title & Trust Co., Sunbury
Landis, William B.	Lackawanna	Archbald Bank, Archbald Mid-Valley Trust Co., Olyphant Taylor Discount & Deposit Bank, Taylor
Larson, Raymond E. (Assistant)	Delaware	Citizens Bank & Trust Co., Lansdowne Darby Bank & Trust Co., Darby Haverford Township Title & Trust Co., Brookline Media-69th Street Trust Co., Media

*Appendix—Justice*

<b>Attorney</b>	<b>County</b>	<b>Assignment</b>
Leydic, Kenneth L. (Assistant)	Allegheny	Fifth Avenue Bank of Pittsburgh Pennsylvania Bank & Trust Co., Pittsburgh Pennsylvania Deposit Bank, McKeesport Peoples State Bank of East Pittsburgh, Pittsburgh
Light, Ray G.	Lebanon	Peoples Trust Co., Annville
Lloyd, Llewellyn E.	Cambria	Citizens Bank of Barnesboro Citizens Bank of Gallitzin Cresson Deposit Bank, Cresson Ebensburg Trust Co., Ebensburg Miners & Merchants Bank of Nanty-Glo, Nanty-Glo Miners & Merchants Deposit Bank, Portage
McKim, William W.	Philadelphia	Manayunk Trust Co. Northern Central Trust Co. Roxborough Trust Co.
McTighe, Desmond J. (Assistant)	Montgomery	Merion Title & Trust Co., <u>Ardmore</u>
Marshall, John G.	Beaver	Federal Title and Trust Co. of Beaver Falls
Meisenhelder, Samuel B.	York	Farmers & Merchants Bank, Dillsburg Farmers State Bank of Hellam Littlestown Savings Institution, Littlestown Shrewsbury Savings Institution, Shrewsbury
Miller, Arthur Hagen	Philadelphia	United Security Life Insurance & Trust Co. of Pa., Philadelphia United Security Trust Co., Philadelphia
Miller, Charles L.	Lancaster	Agricultural Trust & Savings Co., Lancaster Lancaster Trust Co., Lancaster
Milnor, Mark T.	Dauphin	Commercial Trust Co., Harrisburg Mahantongo Valley Bank, Pillow Mechanics Trust Co., Harrisburg Security Trust Co., Harrisburg

*Appendix—Justice*

<b>Attorney</b>	<b>County</b>	<b>Assignment</b>
Montgomery, Samuel A. Delaware		Citizens Bank & Trust Co., East Lansdowne Darby Bank & Trust Co., Darby Haverford Township Title & Trust Co., Brookline Media-69th Street Trust Co., Media
Moorshead, Frank A. Delaware		Drexel Hill Title & Trust Co., Drexel Hill Lansdowne Bank & Trust Co., Lansdowne Media-69th St. Trust Co., Media Suburban Title & Trust Co., Upper Darby
Munn, George B. (Deceased)	Warren	Conewango Trust Co.
Niesenbaum, David W. Philadelphia (Assistant)		Northwestern Trust Co., Philadelphia
Paxson, George M.	Schuylkill	The Bank of Auburn, Auburn Miners Bank of McAdoo, Mc- Adoo Peoples Trust Co. of Frack- ville The Shenandoah Trust Co., Shenandoah State Bank of Klingerstown, Klingerstown The Valley View Bank, Valley View
Piekarski, Felix	Philadelphia	Columbus Title & Trust Co. Philadelphia Estate of Michael Berardini, Philadelphia
Pinola, Frank L.	Luzerne	Dime Bank Title & Trust Co., Wilkes-Barre Heights Deposit Bank, Wilkes-Barre Pennsylvania Liberty Bank & Trust Co., Wilkes-Barre Peoples Savings & Trust Co., Duryea Plains State Bank, Parsons
Richardson, Joseph A. Allegheny (Assistant)		Bloomfield Trust Co., Pitts- burgh Estate of Michael Berardini, Pittsburgh Franklin Savings & Trust Co., Pittsburgh Garfield Bank, Pittsburgh Peoples State Bank of East Pittsburgh Pittsburgh-American Bank & Trust Co., Pittsburgh

*Appendix—Justice*

<b>Attorney</b>	<b>County</b>	<b>Assignment</b>
Satterthwaite, William H., Jr.	Bucks	Cornwells State Bank, Cornwells Heights
Sechler, Jay Williams	Philadelphia	County Trust Co., Phila. Security Title & Trust Co., Philadelphia
Smith, J. Willison, Jr. (Assistant)	Philadelphia	Girard Avenue Title & Trust Co., Philadelphia Jefferson Title & Trust Co., Philadelphia
Smith, Lee	Fayette	Brownsville Trust Co. Citizens Title & Trust Co. Jubelier Brothers Miners State Bank of New Salem Valley Deposit & Trust Co. Joseph Vecchio
Staples, Alex. R.	Philadelphia	Central Trust & Savings Co., Philadelphia
Swartz, Aaron S., Jr.	Montgomery	Conshohocken Trust Co., Conshohocken Counties Title & Trust Co., Ardmore Glenside Bank & Trust Co., Glenside Glenside Trust Co., Glenside Merion Title & Trust Co., Ardmore Royersford Trust Co., Royersford Willow Grove Trust Co., Willow Grove
Taylor, Thomas G. (Special Deputy Attorney General)	Allegheny	Coraopolis State Bank Farmers & Merchants Bank, West Newton Fifth Avenue Bank of Pittsburgh Hamilton State Bank McGillick Savings & Trust Co. Monongahela City Trust Co. Pennsylvania Bank & Trust Co. Pennsylvania Deposit Bank, McKeesport Peoples State Bank, East Pittsburgh Perry State Bank Slickville First Bank State Bank of Salina Valley Deposit & Trust Co., Belle Vernon
Thistle, Thomas M. (Assistant)	Philadelphia	Bankers Trust Co. of Phila.

*Appendix—Justice*

<b>Attorney</b>	<b>County</b>	<b>Assignment</b>
Tomb, J. Wayne	Indiana	Dixonville Deposit Bank, Clymer Indiana County Deposit Bank, Indiana Smicksburg State Bank, Smicksburg
Troutman, Glenn A. (Assistant)	Philadelphia	Franklin Trust Co., Phila.
Troutman, Howard	Chester	Chester County Trust Co., West Chester Coatesville Trust Co., Coatesville
Umberger, B. F.	Perry	Ickesburg State Bank, Ickesburg
Wagoner, Claude B. (Assistant)	Philadelphia	Franklin Trust Co., Philadelphia
Webb, G. Harmon (Assistant)	Delaware	Drexel Hill Title and Trust Co., Drexel Hill Lansdowne Bank & Trust Company, Lansdowne Media-69th Street Trust Company, Media Suburban Title & Trust Co., Upper Darby
Wesley, Charles S.	Philadelphia	Franklin Trust Company, Philadelphia
White, Leo W. (Assistant)	Luzerne	Dime Bank Title & Trust Co., Wilkes-Barre Heights Deposit Bank, Wilkes-Barre Pennsylvania Liberty Bank & Trust Co., Wilkes-Barre Peoples Savings and Trust Co., Duryea Plains State Bank, Parsons
Wickersham, Thomas R. Dauphin (Assistant)		Commercial Trust Co., of Harrisburg Mahantongo Valley Bank, Pillow Mechanics Trust Company, Harrisburg Security Trust Company, Harrisburg
Willing, Joseph K.	Philadelphia	Aldine Trust Company, Philadelphia Guardian Bank and Trust Company, Philadelphia North City Trust Company, Philadelphia
Wray, Chester B.	Blair	Mountain City Trust Company, Altoona

*Appendix—Justice*

**EXPENDITURES**

ADMINISTRATION	Actual Ex- penditures 1931-1933	Estimated Expenditures 1933-1935
Salary of the Attorney General .....	\$ 24,000.00	\$ 24,000.00
Salaries and General Expenses including the compensation of special deputies and local counsel .....	544,400.00	540,000.00
<b>BOARD OF PARDONS</b>		
Salaries and General Expenses .....	12,830.77	14,000.00
Parole Supervision .....	184,155.04	240,000.00
<b>BOARD OF COMMISSIONERS ON UNIFORM STATE LAWS</b>		
Expenses .....	1,421.37	2,500.00
<b>MISCELLANEOUS</b>		
Revision of Corporation Laws .....	3,979.09	.....
Revision of Banks, Trust Companies and Building and Loan Associations .....	3,981.37	.....
Revision of Insurance Laws .....	3,985.66	.....
Revision of School Laws .....	3,535.08	.....
<b>ALLOCATED FROM PROPERTY AND SUPPLIES</b>		
Administration .....	25,482.37	16,000.00
Board of Pardons .....	2,061.53	3,000.00
Parole Supervision .....	11,155.91	8,000.00
<b>TOTAL</b>	<b>\$820,988.19</b>	<b>\$847,500.00</b>

**Conclusion**

It has been a privilege and a pleasure to serve as Attorney General during this administration. There has been a splendid spirit of cooperation among all of those who participated, directly or indirectly in the Commonwealth's legal work.

To you I express my appreciation for having at all times given me a free hand to select those to assist me who were qualified to do the work at hand.

And I wish to, repeat that from every member of the department, whatever his or her position, I have uniformly received the most loyal and self-sacrificing assistance. But for this, it would have been impossible to accomplish the results outlined in this report without a very substantial increase in cost to the State.

**LIST OF CASES IN THE APPELLATE COURTS  
1931-1934**

**CASES WON**

**United States Supreme Court**

Alabama v. Arizona, 291 U. S. 286 (1934)—Schnader. Prison labor case.

Appeal of Woodward, 287 U. S. 600 (1932)—Moyer. Certiorari denied.

City Bank Farmers Trust Company, Executor u/w Thomas S. Clarke, deceased v. Schnader.—Schnader. 79 L. Ed. (Adv. Op. 68), 1934. Inheritance tax.

Note: A previous appeal in this same case was decided adversely to the Commonwealth. It involved a jurisdictional question only. It is reported at 291 U. S. 24.

Commonwealth v. Lukens, 78 L. Ed. 525, 1933—Moyer. Gross receipts tax.

Commonwealth v. State of Arkansas, 290 U. S. 596, 1934. 291 U. S. 686, 1934.—Schnader.

Dorrance Estate, 287 U. S. 660 (1932). 288 U. S. 617 (1932)—Schnader.

Girard Life Insurance Company v. Commonwealth, 77 L. Ed. 501 (1933)—Moyer. Gross premiums tax.

McGarrity et al. v. Commonwealth et al., 292 U. S. 19 (1933). 292 U. S. 607 (1933)—Saylor. Damages for change of grade in the building of a bridge.

State of New Jersey v. Commonwealth, 287 U. S. 580 (1933) (original jurisdiction)—Schnader. Petition to file bill of complaint denied.

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Bosak State Bank et al. v. Borough of Old Forge, 309 Pa. 79 (1933)—Frank E. Donnelly. Objection by bank to increase of borough indebtedness.

Cameron County Bank, 305 Pa. 499 (1932)—Saylor. Dissolution of bank charter.

Commonwealth ex rel. Schnader v. Central R. R. of N. J., 308 Pa. 274 (1932)—E. Everett Mather. Public Service Commission case.

Clark et al. v. Beamish et al., 313 Pa. 56 (1933)—Schnader. Constitutionality of voting machine law.

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Commonwealth v. Estate of Barber, Deceased, 304 Pa. 235 (1931)—Moyer. Inheritance tax.

Commonwealth v. Banholzer, 304 Pa. 578 (1932)—Russell J. Brownback. Department of Health regulation.

Commonwealth ex rel., Appellant, v. Beamish, 309 Pa. 510 (1932)—Schnader. Advertising of constitutional amendment.

Constitution Defense League v. Waters and Harrisburg Hospital, 309 Pa. 545 (1932)—Schnader. Constitutionality of an appropriation.

Commonwealth v. Lukens, 312 Pa. 220 (1933)—Moyer. Gross receipts tax.

Commonwealth v. National Surety Company, 310 Pa. 108 (1932)—Saylor. Right to cancel bank depository bonds.

Commonwealth ex rel. v. Union Indemnity Company, 310 Pa. 108 (1933)—Saylor. Cancellation of bank depository bonds.

Commonwealth ex rel. v. United States Fidelity & Guaranty Company, 314 Pa. 140 (1934)—Saylor. Liability on depository bonds covering State deposits in national banks in the hands of a conservator.

Commonwealth v. Schuylkill Trust Company, 315 Pa. 429 (1934)—Moyer. Tax on bank shares.

Commonwealth ex rel. v. Penn General Casualty Company, 316 Pa. 1 (1934)—Saylor. Conflict between Federal and State jurisdiction to appoint a receiver for insurance company.

Commonwealth v. Moeschlin et al., 314 Pa. 34 (1934)—O'Hara. Alcohol Permit Board.

Commonwealth v. Wiloil Corporation, 316 Pa. 33 (1934)—Scott. Liquid fuels tax—interstate commerce.

Commonwealth v. Paul W. Bounds Company, 316 Pa. 29 (1934)—Moyer. Capital stock tax—manufacturing exemption.

Commonwealth v. Philadelphia Electric Company, 312 Pa. 528 (1933)—Moyer. Gross receipts tax.

Commonwealth v. Densten, Felt & Hair Company, 304 Pa. 536 (1931)—Moyer. Manufacturing exemption, capital stock tax.

Commonwealth v. Equitable Casualty & Surety Company, 306 Pa. 19 (1932)—Saylor. Right of insurance commissioner to supersede other ancillary receiver.

Commonwealth, Appellant, v. Evans, 304 Pa. 445 (1931)—Schnader. Contract for South Office Building No. 2.

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Commonwealth v. Great American Indemnity Company et al., 310 Pa. 201 (1932)—Saylor. Liability of surety on a State depository bond for a special account.

Commonwealth v. Girard Life Insurance Company, 305 Pa. 558 (1932)—Moyer. Gross premiums tax.

Commonwealth v. Goodwin et ux., 304 Pa. 581 (1932)—Russell J. Brownback. Department of Health regulation.

Commonwealth v. Clyde L. King, 312 Pa. 412 (1932)—Sehnader. Quo warranto against Public Service Commissioner.

Commonwealth v. Nelson-Pedley Construction Company et al., 303 Pa. 174 (1931)—Sehnader. South Office Building contract.

Commonwealth v. Otis Elevator Co., 303 Pa. 464 (1931)—Sehnader. South Office Building contract.

Commonwealth v. Evelev, 303 Pa. 465 (1931)—Sehnader. South Office Building.

Commonwealth v. Pendalli et al., 306 Pa. 186 (1931)—Knauer. Padlock injunction proceedings.

Commonwealth v. Soboleski et al., 303 Pa. 53 (1931)—W. H. Satterthwaite. Department of Health regulation.

Commonwealth v. Topel, 304 Pa. 581 (1932)—Russell J. Brownback. Department of Health regulation.

Commonwealth ex rel. v. United States Annuity Society, 303 Pa. 19 (1931)—Saylor. Dissolution of fraternal benefit society.

Commonwealth ex rel. v. Walker et al., 305 Pa. 31 (1931)—Arnold. Widening of State highway.

Commonwealth v. Maryland Casualty Company, 310 Pa. 108 (1933)—Saylor. Cancellation of bank depository bonds.

Commonwealth ex rel. v. Fidelity Land Value Assurance Company, 312 Pa. 425 (1933)—Saylor. Question of whether land value assurance is insurance.

Commonwealth v. Pardee Brothers and Company, Inc., 310 Pa. 353 (1933)—Moss. Relocation of State highway.

Dorrance Estate, 309 Pa. 151 (1932)—Sehnader.

Eastern Securities Company, 309 Pa. 44 (1932)—John Robert Jones. Capital stock tax.

Estate of Leffman, deceased, 312 Pa. 236 (1933)—Wm. M. Boenning. Inheritance tax.

Estate of William Short, deceased, 315 Pa. 561 (1934)—Arnold. Appeal to the Supreme Court from the Board of Finance and Revenue.

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Estate of Joseph F. Clabby, 308 Pa. 287 (1932)—Wm. M. Boenning. Inheritance tax.

Estate of John P. Boles, deceased, 316 Pa. 179 (1934)—James F. McMullan. Maintenance of insane.

Estate of F. M. Husband, deceased, No. 124, March Term, 1934—F. B. Trescher. Inheritance tax.

First National Bank & Trust Company v. Commonwealth, Appellant, 303 Pa. 241 (1931)—Saylor. Dissolution of state trust company charter.

Fifth Avenue Bank of Pittsburgh, 308 Pa. 323 (1932)—Glick. Status of certificate of deposit.

Gordon v. Union Trust Company, 308 Pa. 493 (1932)—Mark T. Milnor. Set off of mutual accounts by trust companies.

Gordon v. Dime Bank Title & Trust Company, 315 Pa. 305 (1934)—Reese H. Harris. Priority of payment of inheritance taxes deposited by register of wills.

Gordon v. Colonial-Northeastern Trust Co., 312 Pa. 73 (1934)—P. Herbert Reigner. Suit on certificate of deposit.

Gordon v. City of Harrisburg, et al., 314 Pa. 70 (1934)—Mark T. Milnor. Effect of tax sale on lien of first mortgage.

North Philadelphia Trust Company's Appeal, 315 Pa. 562 (1934)—Arthur Hagen Miller. Priority of trust company depositor in closed bank.

Gordon v. A. S. Mapel, 311 Pa. 523 (1933)—J. W. Ray. Question of whether a bank is a holder in due course.

Harding v. Pinchot, 306 Pa. 139 (1932)—Schnader. Question of jurisdiction of Governor.

Lunine v. Pennsylvania Alcohol Permit Board, 305 Pa. 162 (1931)—Arnold. Question of jurisdiction of the court over Alcohol Permit Board.

Lutz v. Department of Health, 304 Pa. 572 (1932)—Russell J. Brownback. Department of Health regulation.

Lindenmuth et al. v. Commonwealth, 312 Pa. 350 (1933)—Goldberg. Inheritance tax commissions with register of wills.

McGarrity, admir. v. Commonwealth, 311 Pa. 436 (1933)—Saylor. Damages for change of grade in the building of a bridge.

Metropolitan Life Insurance Co.'s. Appeal, 310 Pa. 17 (1932)—Thomas H. Armstrong. Liquidation of trust company; claim not a deposit.

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Woodward's Petition, 307 Pa. 485 (1932)—Lewis. Priority of claim of Federal court receiver.

F. E. Nugent Funeral Home Inc. v. Beamish, et al., 315 Pa. 345 (1934)—Edwards. Refusal of license as undertaker.

Northern Central Trust Co's. Case, 314 Pa. 189 (1934)—Todd Daniel. Preferential status of holder of treasurer's checks of bank in liquidation.

National Surety Company v. Franklin Trust Company, 313 Pa. 501 (1934)—Claude B. Wagoner. Validity of pledge of securities of trust company.

Pitcairn v. Stuart, 302 Pa. 499 (1931)—Aaron S. Swartz, Jr. Relocation of highway.

Philadelphia Electric Company v. Commonwealth, 311 Pa. 542 (1933)—Saylor. Right to consequential damages for relocation of conduits.

Commonwealth v. Soldiers and Sailors Memorial Bridge, 308 Pa. 487 (1932)—Neely. Damages for change of grade in the building of a bridge.

Stegmaier Brewing Company, 309 Pa. 52 (1932)—Moyer. Capital stock tax—manufacturing exemption.

The Bell Telephone Company of Pennsylvania v. Lewis and Pinchot, Appellants, 313 Pa. 374 (1934)—Schnader. Question of jurisdiction of State officers—declaratory judgment proceedings.

Vecchio v. Glassburn, 315 Pa. 129 (1934)—H. George May. Constitutionality of amendments to banking act.

Werner v. King, 310 Pa. 120 (1933)—Moyer. Equity practice—effect of Fiscal Code on publication of mercantile appraisers list.

### **United States Circuit Court of Appeals (Third Circuit)**

Commonwealth, Appellant v. Stocker, et al., 70 F. (2d) 453 (1933)—Weinrott. Priority of a claim of the Commonwealth in bankruptcy.

General Baking Company v. Gordon, et al., No. 5303, October Term 1933—Claude B. Wagoner. Conflict between Federal and State jurisdiction to appoint a receiver.

### **Superior Court of Pennsylvania**

Bogowich v. State Workmen's Insurance Board et al., 105 Pa. Super. 366 (1933)—Behney. State Workmen's Insurance Fund.

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Citizens Bank, St. Clair v. Gwinner, 112 Pa. Sup. 12 (1933)—George H. Kaercher. Question of practice—opening judgment.

Commonwealth ex rel. Kamons v. Ashe, 114 Pa. Sup. 119 (1934)—Jos. A. Langfitt, Jr. Extradition.

Commonwealth v. Charles, No. 179, April Term 1934—Wm. Anderson, Jr. Authority to arrest under Vehicle Code.

Commonwealth v. Ferrari, 114 Pa. Sup. 290 (1934)—Wm. Anderson, Jr. Constitutionality of Vehicle Code.

Commonwealth v. Stephens, 114 Pa. Sup. 126 (1934)—Russell J. Brownback. The taking of ground for Valley Forge Park.

Commonwealth v. Trunk et al., 105 Pa. Super. 569 (1932)—Goldberg. Special criminal prosecutor.

Commonwealth ex rel. Weber v. Irvin, 110 Pa. Super. 387, (1933)—Arnold. Special prosecuting attorney named by Attorney General—Commonwealth intervening appellee.

Commonwealth v. West Philadelphia Fidelio Mannerchor, No. 315, October Term, 1934—Knauer. Right of clubs to sell liquor on Sunday.

Young v. Department of Public Instruction, 105 Pa. Super. 153 (1932)—Schnader. Real estate broker's license.

In the Matter of Appointment of Viewers, 103 Pa. Super. 212 (1931)—Arnold and Saylor. Widening of State highway—Commonwealth *amicus curiae*.

Dolan v. Department of Agriculture, 106 Pa. Super. 74 (1932)—Hertzler. Workmen's compensation claim.

Estate of Jesse Millman, deceased, Appeal of Fidelity—Philadelphia Trust Company, 111 Pa. Super. 519 (1934)—Arthur Hagen Miller. Defunct corporate trustee entitled to commissions.

Franklin Trust Company of Philadelphia v. City of Philadelphia, et al., 111 Pa. Super. 158 (1933)—Claude B. Wagoner. Question whether an outstanding certified check is a deposit.

Micale v. Light, et al., 105 Pa. Super. 399 (1932)—Edwards. Workmen's compensation.

Novak v. State Workmen's Insurance Board, et al., 113 Pa. Sup. 555 (1934)—Behney. State Workmen's Insurance Fund.

Phipps v. Greensboro Gas Company, 109 Pa. Super. 382 (1933)—Behney. State Workmen's Insurance Fund.

Salamone v. Pennsylvania Fire Works Dis. Co., et. al., 111 Pa. Sup. 220 (1933)—Behney. State Workmen's Insurance Fund.

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Savidge v. Dime Trust & Safe Deposit Co., 108 Pa. Super. 333 (1932)—Behney. State Workmen's Insurance Fund.

Szabo v. Workmen's Insurance Board, et al., 110 Pa. Super. 8 (1933)—Behney. State Workmen's Insurance Fund.

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#### **Supreme Court of the United States**

Commonwealth v. Estate of Henry S. Paul, 284 U. S. 630 (1931)—Moyer. Petition for certiorari from decision at 303 Pa. 330 denied.

#### **Supreme Court of Pennsylvania**

Bailey v. Waters, 308 Pa. 309 (1932)—Arnold. Question of salary of judge assigned to smaller district.

Commonwealth v. Kaplan, 311 Pa. 539 (1933)—Weinrott. Liquid fuels tax.

Commonwealth v. Panhandle Mining Company, 315 Pa. 16 (1934)—Moss. Right of a mine owner for subsidence of State highway.

Commonwealth v. McCrady-Rodgers Company, 316 Pa. 155 (1934)—Moyer. Manufacturing exemption.

Commonwealth v. Bay State Milling Company, 312 Pa. 28 (1934)—Alexander Cooper. Mercantile tax.

Commonwealth ex rel. Schnader v. Liveright, et al., 308 Pa. 35 (1932)—Schnader. Constitutionality of an act of the special session of the Legislature (The Talbot Act).

Commonwealth v. Pure Oil Company, 303 Pa. 112 (1931)—Schnader. Liquid fuels tax.

Markle's Estate, 311 Pa. 472 (1933)—Ben. R. Jones, Jr. Inheritance tax.

Rowell's Estate, 315 Pa. 181 (1934)—Wm. M. Boenning. Inheritance tax.

Webster's Estate, 314 Pa. 233 (1934)—W. Albert Ramey. Inheritance tax.

Lowry's Estate, 314 Pa. 518 (1934)—H. Stanley Douglass. Inheritance tax.

Haggerty's Estate, 311 Pa. 503 (1933)—Vandling D. Rose. Inheritance tax.

Thacher's Estate, 311 Pa. 278 (1933)—Shippen Lewis. Question of set-off against deposits.

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Gordon v. Anthracite Trust Co, 315 Pa. 1 (1934)—Reese H. Harris. Question of set-off.

Gordon v. Winneberger, 310 Pa. 362 (1932)—Saylor. Assessment of shareholders of trust company.

Gordon v. Continental Casualty Company, 311 Pa. 109 (1933)—Thomas H. Armstrong. Claim for defalcation of bank officer.

Kelker v. Metzger, et al., 316 Pa. 207 (1934)—Scott. Escheator's fee.

Mehler's Appeal, 310 Pa. 25 (1932)—Thomas H. Armstrong. Mingling of trust funds.

Miles v. Metzger, et al., 316 Pa. 207 (1934)—Scott. Informer's fee—escheat.

Scranton Lackawanna Trust Company, to use v. Scranton Lackawanna Trust Company, Guardian, 310 Pa. 125 (1933)—Vandling D. Rose. Inheritance tax.

## **United States Circuit Court of Appeals (Third Circuit)**

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Gordon, et al., Appellant, v. Ominsky, et al., 72 F. (2d) 517 (1933)—Schnader. Conflict between Federal and State jurisdiction to appoint a receiver.

Gordon, et al. v. Washington, et al., No. 5279, October Term (1933)—Schnader. Conflict between Federal and State jurisdiction to appoint a receiver.

Gordon, et al., Appellant v. O'Brien, et al., No. 5280, October Term (1933)—Schnader. Conflict between Federal and State jurisdiction to appoint a receiver.

## **Superior Court of Pennsylvania**

American Radiator Company and Modern Utilities Company, 108 Pa. Super. 96 (1933)—Mark T. Milnor. Right of receivers of a corporation to set off deposits against dividends to a bank.

Bonomo v. State Workmen's Insurance Board, et al., 111 Pa. Super. 402 (1934)—Behney. State Workmen's Insurance Fund.

Commonwealth v. Bertolette, 101 Pa. Super. 334 (1931)—Russell J. Brownback. Regulation of the Department of Health.

Estate of John A. Nauman, Deceased, 110 Pa. Super. 55 (1933) John N. Hetrick. Advance of trust funds by bank to beneficiary.

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Estate of Vandergrift, 105 Pa. Super. 293 (1932)—Douglass. Inheritance tax.

Gordon v. Harrison, 105 Pa. Super. 513 (1932)—Gifford K. Wright. Co-mingling of funds in building and loan.

Kasavage v. Workmen's Insurance Fund, et al., Appellant, 109 Pa. Super. 231 (1933)—Behney. State Workmen's Insurance Fund.

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### **APPELLATE CASES PENDING**

#### **United States Supreme Court**

Commonwealth v. Williams, et al, No. 394, October Term, 1934. Conflict between Federal and State jurisdiction to appoint receiver of building and loan association.

Commonwealth v. Schuylkill Trust Company, 1934. Tax on bank shares.

Commonwealth ex rel. v. Penn General Casualty Company, 1934. Conflict between Federal and State jurisdiction to appoint a receiver for insurance company.

Commonwealth v. Wiloil Corporation, 1934—Scott. Liquid Fuels Tax—interstate commerce.

Gordon v. Joseph Ominsky, et al., No. 395, October Term, 1934. Conflict between Federal and State jurisdiction to appoint receiver of building and loan association.

Gordon, et al. v. Washington, et al., No. 5279, October Term, 1933. Conflict between Federal and State jurisdiction to appoint a receiver.

Gordon, et al. v. O'Brien, et al., No. 5280, October Term, 1933. Conflict between Federal and State jurisdiction to appoint a receiver.

#### **Supreme Court of Pennsylvania**

Baker, et al. v. Kirschnek, et al., No. 343, January Term, 1934—Keitel. Media Liquor Store Case.

Beaver County Cooperative Corporation v. Holt and Leiper, Appellants, No. 9, March Term, 1934—Shockley. Mercantile tax.

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Biser, Appeal of, No. 380, January Term, 1934—Weinrott. Emergency relief sales tax.

Commonwealth ex rel. v. Seventh Day Baptists of Ephrata, No. 29, May Term, 1935—O'Hara. Quo warranto.

Ernst, Fred, Estate of, Nos. 289 to 299, inclusive, January Term, 1934—Louis May. Inheritance tax.

Estate of John H. Link, deceased, No. 207, March Term, 1934—Stanley Douglass. Escheat.

Gordon, et al. in re Petition of Diamond National Bank—Appeal of Gordon, Appellant, Lewis. Implied warranty of bank assignor.

Paasch v. Pennsylvania State Park and Harbor Commission of Erie, Appellant, No. 114, March Term, 1934—J. B. Held.

The Bell Telephone Company of Pennsylvania v. S. S. Lewis, Secretary of Highways, No. 5, May Term, 1935—Keitel. Bridge occupancy licenses for public utilities.

Woolman & Company, Inc., Re—Board of Mercantile Appraisers, No. 326, January Term, 1934—Klein. Mercantile tax.

### **United States Circuit Court of Appeals (Third Circuit)**

Securities Commission v. Utility Investing Corporation, No. 5449, October Term, 1934—Neely. Jurisdiction of the Federal court to restrain the Securities Commission.

### **Superior Court of Pennsylvania**

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United Security Trust Company, In the matter of—Appeal of United States Fidelity and Guaranty Company, et al., Nos. 116-117, October Term, 1934.

Wolfe, Oscar, Appeal of, No. 316, October Term, 1934. Jurisdiction of the court of quarter sessions to revoke liquor licenses.

# **Department of Public Instruction**

**JAMES N. RULE, Superintendent**

To the Governor:

Herewith is a report of the work of the Department of Public Instruction during your Administration.

Although 20,000 or more schools had to close in the United States during the depression, not one in Pennsylvania has closed under the minimum legal term. This is Pennsylvania's outstanding record at the close of the first one hundred years of public education in the Commonwealth.

Celebration of the one hundredth anniversary of the signing of the Common Schools Law of 1834 marked the closing year of this Administration.

The school centenary also marked accomplishment during this Administration of a program of efficiency, economy, and general improvement in school operation and management that has been of material help to public education.

Keeping all public schools open has been no easy task during the depression years. But schools have been kept going while high school enrollments have increased almost fifty per cent since 1930.

Much that has been accomplished in maintaining the school program and improving it along instructional lines has come about primarily because of the desire on the part of the citizens of the Commonwealth to cooperate with governmental agencies in the formulation of a well-balanced plan serving the educational needs of both children and adults.

The period through which we have just passed has been more than a period of evaluation and refinement. Many cooperative endeavors have been engaged in for the purpose of establishing a firm basis for the State's program of public education and the establishment of aims and objectives which will, when placed in operation, improve the schools of the Commonwealth.

## **Costs Reduced 10 Per Cent**

Recommended economies in school expenditures saved taxpayers more than \$20,000,000 in 1933. This represents a good

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ten per cent reduction from 1932 school costs. It means annual per pupil costs were \$15.00 lower than in 1932 and \$21.50 lower than in 1929.

These reductions were necessary because local school revenues dropped, and are still decreasing. With this condition existing the only thing that would save the schools was an emergency fund.

Emergency funds totaling \$6,250,000 were recommended and passed by the General Assemblies of 1931 and 1933. It is only by these and other timely measures that the school doors in Pennsylvania have been kept open. There has been excellent cooperation of school directors, citizens, school officials, and teachers. All have done their share in the interest of the children of the Commonwealth. Teachers alone contributed several million dollars in food and clothing to keep children in their classrooms.

At all times the Administration urged economy in local school districts, but with due protection for teachers' salaries. Every item of non-instructional cost was watched closely and from time to time the Department of Public Instruction made practical economy suggestions to school directors and administrators.

Emergency aid to many school districts has been conditioned on the submission and approval of budgets. Bringing the school district budget into line with approved school administrative practice has helped the children in these districts to get the greatest benefit from available public school funds.

### **Protection for Teachers**

The keystone of good schools is good teachers. An administrative measure passed at the 1933 Session of the General Assembly gave teachers some degree of protection in their positions for the biennium 1933-1935.

Act 48 protected teachers temporarily against the unnecessary slashing of salaries. To aid extremely poor districts it was provided that cuts below ninety per cent of the legal minimum must be approved by the Superintendent of Public Instruction.

This act stopped the pernicious practice of beating down teachers' wages through the device of voluntary contributions, and took teaching positions in Pennsylvania off the auction block.

Two hundred districts in 1933-1934 asked permission to reduce teacher's salaries below the ninety per cent level. An

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investigation revealed that in ninety-nine of these cases the application was justifiable and temporary permission was granted. During the current school year only fifty districts have asked to reduce salaries below the legal level and only four have received permission.

During this Administration total subsidies to public schools amounted to \$125,992,975, which compares with \$108,636,971 in the previous four years. In 1932 the cost per pupil in average daily attendance was \$91.13, while the average cost in the United States was \$87.67. Twenty other states spent more for each child than Pennsylvania.

Awake to the changing needs in education to meet changing times, the Superintendent of Public Instruction provided in 1931 for thorough studies of all phases of the educational program. A Commission for the Study of Educational Problems was appointed. This group, including many laymen and women, strengthened the educational program. Economy and efficiency of school organization and administration have been included as objectives of various committees assigned to these studies.

### **100th Anniversary of Free Schools**

Authorized by the General Assembly, celebration this year of the one hundredth anniversary of the enactment of the Common Schools Law has attracted attention of the public to current educational problems. Inaugurated by the Department of Public Instruction, pageants showing the work of the schools in retrospect and prospect were developed as parts of commencement programs and educational gatherings throughout the State.

### **Serious Problems Encountered**

Focusing attention upon the educational needs in Pennsylvania has resulted in a three fold school recovery program that is enlisting support throughout the Commonwealth. This program includes what is called "The 3 R's of School Recovery in Pennsylvania"—Restoration of the instructional program, Reorganization of school districts, and Revision of the system of school support.

Since 1931 there has been steady advancement in improvement of teaching service. In that year only ninety per cent of the teachers had two years or more of special preparation beyond

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the high school. Today ninety-nine per cent of our 62,000 teachers qualify for standard certification, a most enviable record. To further insure our 2,000,000 school children being taught by competent teachers, standards for admission to State Teachers Colleges have been increased, thereby weeding out unqualified applicants.

With the cooperation of teachers and higher institutions of learning the Department has prepared and revised during the past three years thirty bulletins to aid teachers in their daily work and to serve administrators in the more effective organization of their schools.

### **Greater Demands on High Schools**

The removal of children from trades and industry, general unemployment, shortened working week, modification of established governmental, social, and industrial agencies, and increased crime on the part of youth, have presented problems with important educational implications.

Since 1930, the total enrolment in Pennsylvania public schools increased from 1,902,000 to 1,994,000, exclusive of kindergartens. Enrolment in grades 9 to 12 during the same period increased from 296,372 to approximately 426,000. The high school growth is accounted for partly by a return to day school of some 35,000 continuation pupils, reduction of failures in the elementary school, and greater demands by Pennsylvania youth for increased schooling. A narrow curriculum cannot meet the needs of the pupils in the schools of today.

Considerable progress is being made to bring the curricula of both the elementary and the secondary schools into line with modern needs. Departmental committees and reports in the various fields have contributed to this reorganization.

### **Department Reorganized**

Reorganization of the Department of Public Instruction, including consolidation of all functions of the Department within three major bureaus, was effected during this Administration. Efficiency and economy in handling the State's educational affairs were obtained by logical assignment of departmental duties on a functional basis—instruction, school administration and finance, and professional licensing. Duplication has been avoided and service to school districts made more effective.

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IN 1922 THE COST OF ADMINISTERING ALL MONEYS APPROPRIATED TO AND ACCOUNTED FOR BY THE DEPARTMENT OF PUBLIC INSTRUCTION WAS TWO PER CENT OF THE TOTAL, WHILE IN 1932 THE COSTS OF ADMINISTRATION HAD BEEN REDUCED TO EIGHT-TENTHS OF ONE PER CENT. FOR THE BIENNIAL 1933-1935 THIS COST OF DEPARTMENTAL ADMINISTRATION HAS BEEN REDUCED TO LESS THAN SEVEN-TENTHS OF ONE PER CENT.

In all agencies of the Department of Public Instruction, including the State Teachers Colleges and other State-owned educational institutions, from January 15, 1931, to November 15, 1934, the decrease in number of employes was 279, and the decrease in annual salaries amounted to \$762,445.

### **Licensing**

Striking results have been accomplished for protection of public health and welfare from the practice of unlicensed practitioners in the seventeen professions and occupations. Acts regulating barbers and beauty culturists, passed by the General Assembly in 1931 and 1933, respectively, have been placed in successful operation.

### **Information for the Public**

In September, 1933, the Department inaugurated the publication of a monthly PUBLIC EDUCATION BULLETIN "for information of boards of school directors, administrative officers of the public schools and of State institutions of higher learning, and interested citizens, in accordance with Section 2904d of the School Laws." This publication is distributed monthly to approximately 14,000 school people and citizens interested in public education.

### **School Recovery**

In 1931 the effects of the depression were beginning to be felt in the schools. This Administration lost no time in inaugurating surveys and studies intended to seek out and institute desirable changes that would provide, with economy and efficiency, a school system that would meet the new demands of a new day.

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The small school district laid out in the horse and buggy era has become obsolete, and 2,582 separate districts still exist when fewer than 500 are necessary. Not enough State aid is going to the poorer districts and local real estate is compelled to bear from eighty to eighty-five per cent of the school cost when it represents less than forty per cent of the taxable wealth of the Commonwealth.

To overcome some of these undesirable conditions, a new School Code was introduced in the 1933 session of the General Assembly. But protests against consolidation of school districts came from all parts of the State, and blocked enactment at that time of any but emergency and makeshift legislation. A campaign to educate the public on educational matters therefore became a necessity.

Early in 1934 a program of "School Recovery in Pennsylvania" was announced by the Superintendent of Public Instruction. It led directly to the first state-wide gathering of citizens and school people ever held in Pennsylvania for discussion of emergency school problems.

A "Citizens' Conference on School Recovery in Pennsylvania," called jointly by the Governor and the Superintendent of Public Instruction, brought 2,000 people to Harrisburg on October 10 and 11, 1934. The purpose was to present the more important phases of school recovery from depression conditions, problems involved in getting the schools back to normalcy, and to lay the foundation for similar conferences in local communities throughout the State so that the public could be advised as to the gravity of the situation and the need for immediate action through proper and timely legislation.

### **Commission for the Study of Educational Problems**

For many years public school officials of the Commonwealth had been confronted with many difficult problems of public education service and of public school support. With each passing year these problems became more apparent and the need for their solution more urgent. Public school enrolments were nearing the 2,000,000 mark and selection and careful study of such problems in all departments and at all levels became highly desirable.

Therefore, in 1931, there was appointed a Commission for the Study of Educational Problems in Pennsylvania. Outstanding

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leaders from all sections of the State, including representatives of the State School Directors' Association, taxpayers' associations, and numerous other civic, agricultural, professional and business organizations interested in education, were included in the personnel of the study committees working under the direction of the commission.

The chief objectives of the State study are two-fold:

1. In the interest of an adequate educational service as expressed by the Superintendent of Public Instruction in "Pennsylvania Educational Charter". The Charter is intended to express the educational rights guaranteed to the boys and girls of the Commonwealth by the Constitution and provided, in principle at least, in our present school laws.

### **Pennsylvania's Educational Charter**

FOR EVERY CHILD in Pennsylvania protection of his constitutional right to an education.

FOR EVERY CHILD an understanding, competent teacher.

FOR EVERY CHILD an adaptable educational program—instruction and practice in how to become a competent citizen—training and guidance to do some part of the world's work well—activities for the development of worthy home membership, wise use of leisure time, health, culture, and character.

FOR EVERY CHILD a school term sufficient in length to enable him to profit to the full extent of his capacities from opportunities offered by education.

FOR EVERY CHILD safe, sanitary, hygienic, and properly equipped school buildings and grounds.

FOR EVERY CITIZEN of the Commonwealth provision for a continuing education—to make up for opportunities lost in earlier years and to provide means whereby the individual may adjust himself to new civic, social, and economic responsibilities.

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2. In the interest of greater economy and efficiency in school administration:
  - a. To reduce school costs so as to meet the current financial situation adequately and constructively and at the same time to preserve the equity which the future citizens of the Commonwealth have in their present educational opportunity.
  - b. To discover and develop lines of efficient administration which will preserve these economies in school administration and conserve the educational equities of oncoming generations.

The commission established various committees, each of which has been conducting careful studies on the subject assigned. These are: Educational Objectives and Principles, the Local Unit of School Administration, School Finance, Teacher Preparation, Legislation and Recodification of School Laws, Instructional Program and Procedure, Elementary Education, Secondary Education, Extension Education, and Higher Education.

### **Liquor Control Act Examinations**

On November 29, 1933, the Governor approved the Pennsylvania Liquor Control Act which contained a provision that the Department of Public Instruction should select by competitive examinations the personnel for the operation and administration of all State liquor stores and establishments. The liquor stores were to be opened on January 2, 1934.

The stupendous task confronted the Department of selecting by competitive examination, the necessary personnel to open and man over two hundred liquor stores in Pennsylvania in less than one month's time. At that time reliable statistics indicated that 900,000 men and women of Pennsylvania were unemployed and all who were of voting age were privileged to apply for a position.

Within a week after the approval of the Act, applications, forms, and circulars of information were available. In such a short time, however, the Department had received thousands of requests for application blanks by mail, messenger, and long distance telephone calls. By December 7, 1933, which was the

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last day upon which the Department could accept applications, 150,000 application forms had been distributed.

Fifty-nine thousand persons actually filed applications and desired to take the examination. Thirty-four thousand eight hundred and twenty-four applicants were declared eligible on the basis of the qualifications prescribed by the Liquor Control Board, and 32,569 persons were examined on December 16, 1933.

To handle this emergency and to keep faith with this great number of citizens, practically the whole Department staff, augmented by a special staff from the State-aided higher educational institutions and the public schools of the Commonwealth, was called upon to assist in the task of preparing for, administering and scoring the examinations, ranking and placing the successful competitors in positions as required by law.

This was done so that on Christmas Day, just twenty-six days after the measure was signed, 1,300 competitors were notified that they were to report for instructions.

Competitors were appointed on the basis of their rank, the examination papers having been marked by committees composed of representatives of the Department and colleges and universities receiving State aid from the Commonwealth. The person receiving the highest rank was the first appointed, and so on.

Nine batteries of examinations and a special series for executives were prepared and administered. Thirty-four types of positions were to be filled. The examinations were given at the same time in thirty-six cities. Fifty high school buildings were used.

Unusual precautions were taken to safeguard the examinations from those who might wish to defeat the intent of the law. The examinations were carefully inventoried at every step. State Police guarded them or saw to it that they were guarded from the printing press to the examination center and the scoring center, and back again to the Department.

We believe that an exceptionally high type of personnel has been selected, principally due to the tremendous competition. For example, out of the 244 state store managers appointed, eighty-two or one-third of them are college graduates. Eighty per cent have had at least one year's educational training beyond high school, and all are high school graduates. In addition,

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they have an average of twelve years of business or clerical experience back of them.

Since December 16, 1933, other examinations have been held at the request of the Liquor Control Board to select administrative and enforcement officers. The law requires that examinations shall be held twice a year when positions are to be filled.

It is the Department's intention to check and evaluate the selections from these competitive examinations against performance on the job. This will be a most useful contribution to the general knowledge of the value of competitive examinations in selecting public employes.

### **Reorganization of Secondary Education**

A movement begun some years ago in Pennsylvania having for its purpose a reorganization of secondary education to include grades 7, 8, and 9 as part of the secondary school, has continued even in the face of reduced school budgets. At the present time more than fifty per cent of the 600,000 boys and girls enrolled in secondary schools organized to care for grades 7 to 12 are in reorganized schools. In addition, the problem of readjustment of the earlier years of the college is giving considerable concern throughout the State. There is a growing feeling that the first two years of the college constitute an integral part of secondary education.

### **Rural Education**

To assist the six thousand teachers of one-room schools a program of intensive reorganization of instruction has been started. This includes the preparation of modified types of programs and also the preparation of curriculum materials especially adapted for one-room schools.

### **Adult and Extension Education**

While continued emphasis was placed upon programs of retraining and a continuation of the regular adult education program, through funds granted by the State Emergency Relief Board it was possible for the Department of Public Instruction, in cooperation with Eric H. Biddle, State Emergency Relief Administrator, to organize an extensive program of emergency education, carried on primarily at the adult level.

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This program reached 113,000 people and gave employment to almost 1,800 who qualified as instructors. The 1934-35 program will give work to more than 5,000 unemployed and reach many more thousands of adults in instructional and recreational projects.

The experimental work carried on through emergency education in the field of child development, workers' education, illiteracy, and general adult education, is serving as a stimulus to communities throughout the State. Many permanent programs have been developed.

### **State Library and State Museum Achievements**

Early in the Administration the 360,000 volumes comprising the State Library collection were moved to the new and more commodious quarters in the Education Building. This additional space made possible many changes which makes more available the present collection and permits much expansion. Two new sections of much needed activity were organized—a Document Section in connection with the Law Library, which is being extensively used, and a Genealogical Section, filling a long felt want.

In addition to its usual services the State Library extended reference and book service to 17,000 boys in CCC camps, issued packet and traveling libraries to schools and villages without library service, added a Reader's Counsellor to the staff as an aid to the unemployed, and sponsored special projects under CWA, PWA, and Emergency Education activities.

During the four years just ending, the State Museum has achieved outstanding results. A contributing factor to these achievements has been the merging of the State Museum with the directorship of Visual Education.

All the display rooms have been completely renovated, the exhibits rearranged in systematic order, and a wealth of valuable material acquired without cost to the State. Additional space was provided through removal of the State Library to new quarters in 1931.

### **Other Activities**

During the four years beginning January 15, 1931, the membership of the School Employes' Retirement System increased from 72,350 to 75,450, and the reserve in the School Employes'

## *Appendix—Public Instruction*

Retirement Fund increased from \$80,500,000 to \$120,000,000, approximately one-half of which represents the contributions of the 75,450 school employes who are members of the Retirement System.

During the past four depression years the Retirement Board has been investing about \$20,000,000 per year in school district and other bonds of Pennsylvania, the proceeds of which have been used to build school buildings, roads, and other improvements, thus helping to furnish much needed work relief.

In the work of the State Board of Censors the total number of subjects approved for exhibition in Pennsylvania from June 1, 1931, to October 1, 1934, was 22,846, comprising 57,073 reels. The total amount of revenue for the same period was \$432,-318.10. Inspections made in theatres from June 1, 1931, to October 1, 1934, totaled 27,573.

Outstanding in the activities of the State Historical Commission was commemoration of the 250th anniversary of the birth of William Penn observed throughout the year 1932. Public schools contributed through special commencement and other observances with concentration on Penn Day, October 24. It was in this year that the Commonwealth formally accepted from the Warner Sand and Gravel Company its gift of nine acres, including the site of Pennsbury Manor, the home built by William Penn on the banks of the Delaware, near Tullytown, Bucks County, in 1682-1683. The Commission has made progress in the restoration of the site and plans are being made for rebuilding of the house and out-buildings in their original form.

During the past four years archaeological surveys were completed at Safe Harbor and partial results of the expeditions have been published by the Commission as "Safe Harbor Report No. 1." The Commission authorized an intensive archaeological survey of western Pennsylvania counties during the summer of 1934.

### **Noteworthy Facts**

1. Enrolment in the public elementary and secondary schools increased 4.6 per cent from 1930 to 1933. The enrolment in grades 9 to 12 increased 37.6 per cent and the average daily attendance increased 6.9 per cent during the same years. There was an increase of 1.2 per cent in the total enrolment from 1932 to 1933.

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2. The number of teachers decreased 1.2 per cent from 1932 to 1933.
3. In 1930, twenty-seven per cent of all pupils enrolled in the public elementary and secondary schools were over age for their grade, that is, they had for some reason failed to be promoted as rapidly as would normally be expected. In 1934 the per cent of pupils over age had declined to 24 per cent.
4. The ratio in per cent between the number of pupils eight and nine years of age and the number of pupils 16 and 17 years of age is generally considered a good index of the holding power of the public schools. On this basis in 1929-30 the holding power was 33.6 per cent while in 1933-34 the holding power had risen to 54.5 per cent.
5. The number of one-teacher schools decreased 12.3 per cent from 1930 to 1933.
6. The number of high school graduates increased 36.5 per cent from 1930 to 1933.
7. The enrolment in the kindergarten increased seven per cent from 1930 to 1933.
8. Enrolment in continuation schools dropped from 42,685 in 1930 to 4,315 in 1934, a decrease of 889 per cent. This decrease was due to economic and social conditions, and to the NRA regulations.
9. Fifty per cent of 1,282 districts of the 2,564 districts operating schools in 1933 had an average daily attendance of less than 245 pupils per district.
10. During 1933, 44.9 per cent of the school districts, enrolling 77.5 per cent of the pupils, operated their elementary schools over 160 days.
11. Thirty-three and five tenths per cent of the pupils in the secondary schools were enrolled in districts offering a school term of over 180 days.
12. In 1835, the first year the Free School Act was in operation, there were 150,838 pupils enrolled. In 1933, there were 1,990,940 pupils enrolled. This was an increase of 1,220 per cent. From 1830 to 1930 the total population of Pennsylvania increased 614 per cent.

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**Comparative Statistical Summary for the Public Schools of Pennsylvania for 1923, 1930, 1931 and 1933**

Item 1	1932-1933 2	School Year			1922-1923 5
		1930-1931 3	1929-1930 4		
Population of State (1930) ...	9,631,350	9,631,350	9,631,350		8,720,017(1920)
School districts in State					
First Class .....	2	2	2		2
Second Class .....	20	18	18		18
Third Class .....	259	215	215		221
Fourth Class .....	2,304	2,349	2,350		2,345
Total .....	2,585	2,584	2,585		2,586
Census of children between 6 and 16 years .....	2,024,788	2,010,566	2,002,201		1,834,079
Enrolment					
Elementary pupils .....	1,417,664	1,483,936	1,528,195		1,489,389
High School pupils .....	573,276	449,383	374,178		213,895
Total Enrolment (Grades 1-12)	1,990,940	1,933,319	1,902,373		1,703,284
Kindergarten pupils .....	37,501	37,097	35,060		No record
Average daily attendance (Grades 1-12) .....	1,753,903	1,686,399	1,640,294		1,459,765
Aggregate days attended .....	314,573,931	304,961,604	297,045,066		260,858,531
Teachers					
Kindergarten .....	589	598	583		575
Elementary .....	40,185	41,411	41,612		38,640
Junior high school .....	5,927	5,522	4,980		1,469
Other high school .....	13,439	12,260	11,647		7,754
Continuation school .....	262	356	381		No data
All others .....	623	611	569		Included above
Supervising officials .....	1,860	1,918	1,857		1,405
Total .....	62,885	62,676	61,629		49,843
School buildings in use .....	12,053	12,658	13,211		13,494
One-room schools .....	6,223	6,815	7,089		8,902
Public high schools					
Four year .....	519	541	574		521
Three year .....	87	95	110		268
Two year .....	67	83	84		216
Junior-senior .....	251	210	164		None
Senior .....	47	44	40		None
Junior .....	175	159	145		None
Vocational .....	65	62	60		None
Non-classified .....	4	5	11		None
Total .....	1,215	1,199	1,188		1,005
Graduates in four-year and senior high schools					
Boys .....	27,869	20,718	No data		No data
Girls .....	29,436	23,983	No data		No data
Total .....	57,305	44,701	41,968		20,054
Assessed valuation of taxable property	\$9,926,686,386	\$9,960,951,978	\$9,850,285,951	\$7,689,708,094	
Value of school property, grounds, buildings, and equipment .....	572,655,707	578,126,020	512,424,820	293,056,208	
Indebtedness for school purposes (net) .....	261,500,354	282,295,150	256,886,902	121,230,200	
Receipts for school purposes					
Balance on hand ..	20,290,554	23,169,194	26,107,371	16,743,266	
Loans and bonds ..	15,551,961	31,167,381	27,319,747	35,566,995	
Local taxes .....	126,436,867	147,666,232	142,126,562	88,606,587	
Tuition .....	6,739,179	6,367,853	5,602,314	No data	
State appropriation ..	29,017,936	27,731,627	28,266,214	17,488,417	
Other sources .....	5,345,581	7,841,920	5,911,743	7,562,648	
Total .....	203,382,078	243,944,207	235,333,951	165,967,913	
Expenditures for school purposes					
General control ....	7,326,533	8,192,860	8,077,233	5,672,840	
Instruction .....	109,800,578	116,054,694	111,819,269	75,483,896	
Auxiliary agencies ..	5,789,460	6,356,924	5,929,444	3,077,510	
Operation .....	12,893,934	14,120,336	13,869,828	9,253,980	
Maintenance .....	3,061,599	5,267,038	5,195,319	4,192,340	
Fixed Charges .....	4,684,174	4,870,364	5,407,361	2,866,138	
Current expenses ..	143,556,287	154,862,216	150,298,454	100,546,704	
Debt service .....	33,381,318	34,358,515	32,646,976	27,220,202	
Capital outlay .....	11,188,711	26,205,279	29,168,383	24,300,073	
Total .....	188,126,316	215,426,010	212,113,813	152,066,979	

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**Comparative Statistical Summary for the Public Schools of Pennsylvania for 1923, 1930, 1931 and 1933—Continued**

Item 1	School Year			
	1932-1933 2	1930-1931 3	1929-1930 4	1922-1923 5
<b>Average number of mills school tax levied: Districts of the</b>				
First class .....	10.6	11.0	10.0	10.5
Second class .....	15.7	16.0	16.0	14.0
Third class .....	24.0	25.0	25.0	20.0
Fourth class .....	16.8	18.0	18.0	16.0
Average .....	17.5	18.0	18.0	16.0
<b>Average per capita tax levied: Districts of the</b>				
Second class .....	\$3.22	\$3.33	\$3.22	\$2.00
Third class .....	3.85	3.96	3.88	3.00
Fourth class .....	3.68	3.69	3.64	3.00
Average .....	3.69	3.74	3.66	3.00
<b>Teachers colleges</b>				
Normal schools ...	..	1	1	14
Teachers colleges ..	14	13	13	..
Total enrolment ..	9,659	10,170	10,284	5,284
Pupils in training schools .....	20,070	22,258	25,529	16,659
Graduates				
Two year .....	1,924	2,508	2,985	2,433
Three year .....	..	50	57	None
Four year .....	1,303	924	719	None
Full-time faculty members .....	652	661	986	514
Other accredited colleges and universities				
Institutions .....	55	54	54	47
Faculty members				
Full-time .....	4,291	3,980	3,959	..
Part-time .....	1,789	2,349	2,169	4,035
Full-time students ..	49,817	60,089	59,811	55,393
Graduates .....	9,684	10,675	10,571	7,000

**COMPARISON OF THE ENROLMENT IN THE PUBLIC HIGH SCHOOLS OF PENNSYLVANIA, 1931-1934**

	Per cent Increase	School Year Ending		
		1931	1932	1933
Grades 9-12 and Post Graduates .....	29.9	327,120	369,135	408,051
Grades 7-12 and Post Graduates .....	26.6	449,383	500,017	545,483

**COMPARISON OF THE GROWTH OF ENROLMENTS IN THE 8-4 AND THE REORGANIZED HIGH SCHOOLS OF PENNSYLVANIA, 1931-1934**

School	Per cent Increase	School Year Ending		
		1931	1932	1933
8-4 .....	21.4	176,138	193,161	208,299
Reorganized .....	29.9	273,245	306,856	337,184

**COMPARISON OF PER CENT OF PUPILS UNDER AGE, NORMAL AGE AND OVER AGE IN THE PUBLIC SCHOOLS OF PENNSYLVANIA, 1930-1934**

		School Year Ending		
		1930	1932	1934
Under Age .....		18	14	14
Normal Age .....		60	61	62
Over Age .....		27	25	24

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HOLDING POWER OF THE SCHOOLS OF PENNSYLVANIA MEASURED BY THE  
PER CENT THAT SIXTEEN AND SEVENTEEN YEAR OLD PUPILS ARE OF  
THE EIGHT AND NINE YEAR OLD PUPILS, 1930-1934

	Pupils 8 and 9 Years of Age	Pupils 16 and 17 Years of Age	Per cent Pupils 16 and 17 Years of Age are of the Pupils 8 and 9 Years of Age
1929-1930	.....	347,974	33.6
1931-1932	.....	331,271	46.4
1933-1934	.....	331,449	54.5

# **Department of Military Affairs**

**DAVID J. DAVIS, Adjutant General**

To the Governor:

Herewith is a brief report of the work of the Department of Military Affairs during your administration.

The usual appropriations to the Department were reduced during this period as part of the State's economy program. At the same time, curtailment of Federal funds for equipment and uniforms resulted in a heavier drain on State funds.

While there has been a slight reduction in attendance at drills and camp in 1934 the efficiency of the Pennsylvania National Guard remains at a high standard.

## **Fayette County Strike Duty**

On July 29, 1933, the Governor issued a proclamation stating that "It has been represented to me that riotous conditions exist in various sections of Fayette County, whereby the lives and property, peace and safety of the people are threatened, which the civil authorities are unable to suppress."

At the time the proclamation was issued a portion of the Pennsylvania National Guard, including the 112th Infantry, was in summer training at Mount Gretna and the 2nd Battalion, 112th Infantry, with auxiliary detachments, approximately three hundred men, was ordered to take station at Brownsville, and render any assistance necessary to the civil authorities. This active duty resulted in no loss of life. The Battalion was relieved from duty on August 12th and returned to its home station in Erie. With reference to the satisfactory manner in which the tour of duty was performed, the Commanding Officer of the Battalion was commended by the Governor in the following language: "I was delighted at the fine spirit with which the citizens of Fayette County received you and your men, and I am particularly proud that you conducted yourselves in such a way that the warm spirit of friendship was not only continued, but strengthened. The mutual understanding thus created has had a most important influence on the whole conduct of this great strike, which stands alone in the peaceableness of the behavior of the 100,000 workers concerned."

## *Appendix—Military Affairs*

### **Veterans' Compensation or Bonus**

On November 7, 1933, the voters of Pennsylvania authorized a loan of fifty million dollars to pay compensation or bonus to veterans of the World War and the Spanish War, who were residents of the Commonwealth of Pennsylvania at the time they entered the Federal Service.

The necessary legislation to make the payment of compensation operative and placing the Adjutant General in charge of this distribution was approved by the Governor on January 5, 1934. Blank application forms were distributed by the office of the Adjutant General in February and more than 200,000 applications were received by the end of the month, a number which was unprecedented in the experience of other States which had paid a similar bonus.

More than ten million dollars was paid in each of the months of March, April, May; the payments in June exceeded three million dollars and in July exceeded one million dollars. The report for November 26th shows the following payments:

Number of Claims paid .....	304,342
Average amount per claim .....	\$139.60
Total amount paid .....	\$42,488,990.00

There are at present approximately 10,000 claims unpaid, which have been delayed for investigation as to residence, guardianship, and other questions involving the applicant's right to compensation under the provisions of the law authorizing its payment.

### **Development of the New Military Reservation**

On the recommendation of the Military Reservation Commission a new Military Reservation consisting of more than twelve thousand acres has been acquired at Indiantown Gap, Lebanon County.

Three complete artillery regimental camp sites have been developed and several miles of improved highways built. Telephone and electric power lines have been extended to the area. It is proposed to develop a camp where 20,000 men can live and train efficiently.

A water system and twelve mess halls have been constructed from Public Works Administration funds at a cost of approximately \$173,000.00.

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Twenty-three mess halls, forty latrines and bath-houses, and eight thousand feet of sewerage have been constructed from C.W.A., L.W.D. and State funds at a cost of approximately \$200,000, and 30,000 feet of sewer pipe is stored on the ground for the completion of the sewer system, now under construction.

This development has given the 28th Division the same training facilities which were made available to it by the Federal Government in 1917-1918, and in 1934, for the first time since the World War it permitted the organization to train as a Division during the summer training camp and established an increase in its efficiency which will be permanent.

When completed no Military Reservation in the eastern part of the United States will equal its facilities for training and accommodation of the troops. Plans are now being made for the 29th Division, composed of National Guard Troops from Maryland, Virginia, District of Columbia, and Pennsylvania to train here in 1935.

The increased work pertaining to this development has been handled in the office of the Adjutant General and of the Superintendent of the Military Reservation without any increase in office employes.

### **Veterans**

The Department has greatly increased its contacts with veterans. This has been brought about by payment of compensation and veteran's relief, assistance to veterans in preparing claims, and publication of the compilation of laws pertaining to veterans and soldiers. Relief to veterans amounting to more than one million dollars has been disbursed under the supervision of the Veteran's Commission. This increased work in the office of the Adjutant General has been performed without any corresponding increase of office employes.

### **Armory Board**

An appropriation of \$250,000.00 was made by the 1931 regular session of the Legislature for the erection of armories and the purchase of land. This amount was later reduced to \$80,000.00 by the 1932 Extraordinary Session of the Legislature.

## *Appendix—Military Affairs*

The main accomplishments under this appropriation of \$80,000.00 were as follows:

- (a) The erection of a warehouse building at Harrisburg to accommodate four units of the Pennsylvania National Guard that were without armory quarters, at a cost of \$25,500.00.
- (b) The erection of storage sheds in connection with the Logan Armory at Pittsburgh to house trucks and tractors, at a cost of \$24,000.00.
- (c) The acquirement of a property at Phoenixville, which matter is now pending with the Department of Property and Supplies at a cost of \$24,000.00.

### **Other Matters**

The State Athletic Commission continues the high character of its administration of the laws governing boxing and wrestling exhibitions. Without such supervision these sports would soon fall into disrepute. The expenses of the Commission are offset by the fees that are collected; it is self-supporting.

The Soldiers and Sailors Home at Erie maintains approximately the same population—296. Inspections by the Federal Government and auditors' reports indicate that it is efficiently managed.

After conference with various committees appointed by the Governor, this department was reorganized on September 1, 1932. The Office of the Adjutant General is the administrative office for the Department of Military Affairs. Functioning directly under this office is the Headquarters 28th Division, State Arsenal, and Military Reservation. The Veterans' Compensation Division was expanded to approximately two hundred fifty employes in June, 1934, is now reduced to approximately seventy-five employes and will be further reduced by January 1, 1935.

It is believed that the organization of the Department has been materially improved. The elimination of some employes in 1933 and the increased work put on the Department by the Soldiers' Relief, payment of compensation, and the development of the Reservation, made it mandatory that every employe work at a maximum efficiency with no duplications or crossing of communications. This has been accomplished by the reorganization.

# **Insurance Department**

## **CHARLES H. GRAFF, Acting Secretary**

To the Governor,

Herewith is a report of the work of the Insurance Department during your Administration.

There are 1,038 insurance companies, associations, and exchanges operating in the State of Pennsylvania, with total assets as of December 31, 1933, of \$24,475,309,961.

These companies annually pay into the State Treasury approximately \$6,500,000 in taxes, in addition to approximately a half million dollars in fees collected by the Insurance Department for agents, brokers, public adjusters' licenses, examination of insurance companies, and certifications, and various other services rendered by the Department.

The purpose of the Insurance Department, which is charged with the enforcement of the insurance laws of the Commonwealth, is to protect the public, the insurance companies, the agents, and the brokers, so that this most important factor of the life of the Commonwealth may be conducted for the benefit of all.

### **Increased Work**

During this Administration the activities of the Department have increased in many ways.

The examination and audit of the Workmen's Insurance Fund was added to the duties of the Department. Previous examinations of this fund were made by the Auditor General and auditing firms, but the Legislature at the 1933 session ordered the Department to do it. A thorough audit has been made. The result is that the Fund has been placed on a modern accounting basis.

The examination of insurance companies has become increasingly important because of the financial stress occurring during these last few years. Examinations of all companies required greater care. In spite of this increased work in the examination of insurance companies, 621 such examinations were made as against 638 during the preceding administration. And this in spite of extra duties placed on the division charged with the examination of insurance companies.

The Department has established a uniform accounting system for domestic mutual fire insurance companies, of which

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there are 254. Establishing such a system has decreased the cost of examinations of this class of companies.

Fifty title insurance companies previously operating in the Commonwealth under the supervision of the Department of Banking were placed under the jurisdiction of the Insurance Department by Act No. 119, approved May 17, 1933, P. L. 798, and such companies are receiving the cooperation of the Department in working out their problems.

The difficult times have brought forth an unusual number of irresponsible companies dealing in life and health and accident insurance, which make a practice of offering insurance protection by advertising, and through unlicensed agents. Approximately 150 unlicensed companies, and companies failing to appoint the Insurance Commissioner to secure service in our courts, have been known to be attempting to operate in the Commonwealth.

By Act 208 of the General Assembly, approved May 24, 1933, which was recommended by the Insurance Department, newspapers and radio stations, or any publication are prohibited from advertising or broadcasting advertisements of unlicensed and unauthorized insurance companies or agents. The Department, through prosecutions of unlicensed agents and warnings to the public, has rendered an invaluable service in protecting the public from sending their money to companies which do not afford sound protection.

### **Policy Holder Protected**

Policy holders of life insurance companies in this State were protected from the hysteria which swept the country when banks were closed during the banking holiday. To protect the policy holders of insurance companies from unnecessary and irrational withdrawals of cash values, the Insurance Commissioner took immediate action to prevent such withdrawals except in small amounts in cases of established necessity. This action was confirmed by the Legislature on April 26, 1933, when Act No. 50 became a law.

The Legislature, by Act of June 23, 1931, P. L. 904, passed an act sponsored by the Insurance Department, prohibiting the use of policies, contracts, forms, etc., unless approved by the Department. The purpose of this act was to protect the public from vicious policies or forms, as well as those with obscure

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conditions. The Department has set up and established a system for the careful analysis of insurance policies and forms used in the Commonwealth.

There are in the State a large number of domestic fraternal societies. These associations have been examined by the Department for the purpose of putting them on a sound actuarial basis, as required by the Act of April 26, 1929, P. L. 796.

From 1931 to 1934 the Insurance Department has taken action on 19,160 claims or complaints. Of these the Department was able to adjust 18,510 claims without burdening the courts with these cases. The claims adjusted involved an amount of settlement of \$1,092,601.65, a credible showing in comparison with the same function of the Department in the previous Administration, which handled 7,548 claims, settled 7,099 claims for an amount of \$372,701.45.

The examination of insurance agents and brokers has been a very important function of the Insurance Department. During the previous Administration 46,674 examinations of agents and brokers were made. This increased to 49,394 during the present Administration.

### **Economies Effected**

On the first of January, 1931, there were 90 employes of the Insurance Department with total salaries of \$221,620 a year. During this Administration we have been able to increase the number of employes to 95, but, by readjustment of functions and salaries, reduce the annual salary expense to \$203,340.

The total funds allocated and appropriated to the Department for these four years is \$1,198,329 of which it is estimated that over \$37,000 will be turned back to the State Treasury. The percentage of expense of the Insurance Department to revenue produced and turned into the State is 3.7%, which compares well with states such as New York, with 7.6%, Massachusetts with 5.5%, and New Jersey with 16%.

In the interests of economy and efficiency, the previously separated divisions of agents and brokers were consolidated, and the number of employes in this office reduced from 19 to 14. The number of forms used in the licensing of insurance agents was reduced approximately 60%. A new system of licensing agents was established, which increased accuracy and dispensed with the services and expense of 10 to 14 temporary employes annually hired for 6 to 8 weeks.

## *Appendix—Insurance*

The Department staggered the expiration dates of agents' licenses so that the Department was not burdened with the renewal of some 130,000 licenses at one time, but could handle them in groups of 40,000 and 50,000 at three different times during the year.

The recent establishment of an Auditing Section in the Department for the purpose of auditing the annual statements of all admitted companies and detecting or investigating any items or conditions which might adversely affect their financial standing, is of paramount importance to the public and those interested in the insurance business.

In years past it was necessary to have seven or eight examiners from the Philadelphia Office of the Department assigned annually to Harrisburg for several months to audit these statements, which procedure was very expensive and most unsatisfactory.

After this new section is properly functioning, the Department will be able to curtail more promptly the activities of all insurance companies of other states which are not financially responsible, or properly managed, and under similar conditions to require prompt corrective measures with respect to insurance companies incorporated under the laws of this Commonwealth.

### **Sound Condition of Companies**

Of 28 stock fire insurance companies, 258 mutual fire insurance companies, 11 life insurance companies, 27 casualty insurance companies, 57 fraternal societies, 74 beneficial associations, and 54 insurance organizations of other kinds domiciled in this Commonwealth, three casualty insurance companies, four small mutual fire insurance companies, and seven small beneficial associations have been taken over by the Insurance Commissioner for liquidation during this Administration. The Insurance Commissioner was also appointed Ancillary Receiver for eight insurance companies incorporated under the laws of other states, as the volume of business in Pennsylvania required the services of the Insurance Department in the liquidation of those companies.

The sound condition of Pennsylvania companies, the excellent record they have maintained during this period of financial and economic distress, reflects the capable management of our companies and the proper supervision exercised by the Insurance Department.

# **Department of Banking**

**WILLIAM D. GORDON, Secretary**

To the Governor:

Herewith is a report of the work of the Department of Banking in your Administration.

A correct idea of the great importance of the duties resting upon the Department can be gained only by contemplation of the enormous sums entrusted to the Department in the financial institutions under its supervision. The work of the Department in managing and liquidating 147 closed institutions, with assets of a book value of \$500,000,000 appraised at \$227,000,000, and of supervising approximately 400 banking institutions, 512 small loan companies, 27 private banks with assets totaling \$2,650,000,-000, trust funds of \$5,034,000,000, and corporate trust funds of \$5,747,000,000, and National banks with trust funds of \$403,-000,000, and corporate trusts of \$193,000,000, during the greatest financial crisis in the history of the United States, has been the most tremendous task ever confronting any administration.

## **Bank Closings**

At the outset, the Department of Banking was faced with a general collapse of the banking structure of the Commonwealth. At the start of the administration some 15 banks were in possession of the Department of Banking. Among them was the Bankers Trust Company of Philadelphia, which affected 115,000 depositors, or an equivalent of one out of every five families in Philadelphia.

It soon became evident that the tottering financial structure would result in a wholesale closing of banks and it was most important that a real business-like supervision be organized to protect the interests of depositors and to rehabilitate the entire banking structure. In connection with the examination of banks, a system for the evaluation of investment securities was evolved in May 1931, which established the values of securities upon the basis of their intrinsic value rather than upon the basis of stock market quotations. This plan was presented to the clearing house associations of the Commonwealth and met with their

## *Appendix—Banking*

unanimous approval. In September, 1931, it was presented at the National Association of Supervisors of State Banks. It was adopted in principle by the Federal Comptroller of the Currency, who has supervision over all National banks.

The Department worked closely with clearing house associations in various parts of the State with a view to obtaining help for the banks. At the same time, banks which clearly demonstrated their inability to withstand the financial storm were weeded out. The problem was handled in such a manner that confidence was not impaired. Mergers of banks were initiated by the Department and assistance was obtained for worthy banks from other institutions. However, bank failures continued and reached a peak in the month of October, 1931, when 40 banks were taken into possession.

The failure of the banking structures in other States, where moratoria were declared, and the suspension of obligations of the Federal Reserve Banks of New York and Chicago on the morning of March 4, 1933, necessitated further steps to protect Pennsylvania banks and a "Banking Holiday" was declared by Governor Pinchot on the morning of March 4th. This action prevented the wholesale withdrawal of deposits from Pennsylvania banks by corporations and individuals from other States, as well as a stampede on the banks by an hysterical public. On Monday morning, March 6th, President Roosevelt declared a "National Bank Holiday" and on March 13th, the Secretary of Banking and the Federal Reserve Bank officials reopened the non-member and member banks over a period of three days.

As a result of the Glass-Steagall Bill, a system of Federal Deposit Insurance became effective as of January 2, 1934. The Secretary of Banking certified to the condition of each non-member bank for admission to the Guarantee Fund.

It should be noted that every State bank in Pennsylvania licensed to conduct regular banking business on March 13, 14, and 15, 1933, was capable of meeting the tests for membership in the Guarantee Corporation at Washington. This clearly revealed that the weak banks had already been taken out of the picture and that every bank permitted to carry on at the end of the National Bank Holiday was later worthy of admission to the Federal Deposit Insurance Corporation.

### **Liquidating Closed Banks**

The Department was obliged almost over night to select competent Deputy Receivers and to organize a Closed Bank Division that might maintain a rigid control over liquidations to protect fully the interests of depositors. A total of 147 banks, with assets having a book value of \$500,000,000, appraised at \$227,-000,000 came under direct supervision.

A policy of a business-like and orderly liquidation of assets of closed banks to avoid throwing them upon a depressed market was adopted. A scientific plan of disposing of stocks and bonds in the market, after a complete analysis of their intrinsic values, was developed, so that the highest prices were obtained from time to time without depressing the market. A thorough study was made of some \$100,000,000 worth of real estate to determine what was income producing and what was non-income producing. In the former group a determination was made to protect values rather than to sell the properties at public sale or at tremendous losses. A study was made of the non-income producing group to ascertain whether the equity warranted holding the property for an improvement in value. Where this was not justified, leave to abandon was sought from Court so that there would not be a further dissipation of the assets of the institution. Finally, commercial paper covering loans to individuals and corporations was carefully reviewed and wherever possible the borrower was given a reasonable opportunity to amortize the loan so as to avoid legal suits and destruction of his business, resulting in increased unemployment.

The Secretary obtained the gratuitous services of sixty outstanding bankers and business men to act on advisory boards in connection with important liquidating problems. Twelve of these men were organized into the First District Realization Corporation, comprising the greater Philadelphia area and twelve men were organized into similar groups in the greater Pittsburgh, Scranton, Wilkes-Barre and Harrisburg areas.

As a result of the business-like organization of the liquidating division of closed banks, the Department, despite the lack of proper markets and proper prices during the past three years, has succeeded in converting into cash sufficient assets appraised at \$227,000,000 to make possible as of August 15, 1934, the

## *Appendix—Banking*

paying off of some \$52,000,000 of bills payable owed by the banks at the time of closing, \$11,000,000 of preferred claims and secured deposits, and to have available for dividends already paid out or in the course of payment some \$91,000,000. Moreover, the scientific plan of handling these assets enabled the Department to conserve values which otherwise would have been destroyed had a ruthless plan of liquidating in a depressed market been pursued. The remaining assets are now being used as a basis for obtaining loans from the Reconstruction Finance Corporation, out of which several millions of dollars will be distributed as additional dividends to the depositors of the closed banks.

Each Deputy Receiver is paid on a basis of a reasonable salary and absolutely no fees are being paid to anyone. Every step possible has been taken by the Department to obtain the largest dividend possible for the depositors and to conserve values for further realization over a period of three to five years, with the hoped-for return of prosperity.

### **Banking Laws**

As a result of the first hand knowledge obtained by the Department in the open and closed banks with respect to irregular and improper banking practices, the Department prepared recommendations for the necessary banking laws to strengthen the banking structure of the Commonwealth and to prevent, so far as possible, a recurrence of the former conditions. Banking hearings were conducted before the Senate and House Banking Committees and before the bankers of the Commonwealth, at which the Secretary advocated the banking legislation needed to protect depositors. These proposed laws were submitted to the Department of Justice for codification and resulted in the Department of Banking Code and the Banking Code, which became effective July 1, 1933.

Without question, Pennsylvania now has one of the finest sets of laws on banking and one of the best systems of supervision that can be found in any of the forty-eight states.

### **Building and Loan Laws**

At the same time, laws were prepared and similar hearings were held with respect to the proposed Building and Loan

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legislation and on July 1, 1933, the new Building and Loan Code became effective. This Code eliminates the practices which brought about a collapse of many of the Building and Loan Associations of the Commonwealth and affords added real protection to the shareholders for the future. The Department of Banking, under the provisions of this Code, is placing under restrictions Building and Loan Associations which are unable to meet their withdrawals and maturities. This will give the officials of the associations an opportunity to reorganize or merge the associations along sound lines.

### **Banks Operating Upon a Restricted Basis**

One of the important pieces of legislation proposed by this administration was that of permitting banks unable to meet the unreasonable demands of their depositors to enter upon a restricted plan of operation. This plan was presented in the Senate and House, was unanimously adopted and became known as the Sordoni Act. This plan affords banks operating under its provisions an opportunity of reorganizing their capital structures so that they may be in a position to obtain licenses to operate upon an unrestricted basis. Since November 1, 1933, when there were 51 banks operating on a restricted basis, 48 have been reorganized to conduct a regular banking business, while three have had their plans of reorganization formulated and approved by the Department and should be reopened by January 15th.

### **Reports**

Aside from four Called Reports and from one to three regular examination reports per annum, the number varying with the condition of the institution, condensed weekly reports, as well as monthly reports, have been obtained from each open institution. The data was tabulated so that the Department was in a position to determine quickly the condition of each bank from week to week and to point out their weak points in incipient stages. Meetings of boards of directors are immediately called when questions arise so that the Department may advise the directors to bring about a correction of the conditions. During the years 1932 and 1933 approximately 225 conferences a year were held to discuss with the officers and directors in person the condition of their banks as reported by

## *Appendix—Banking*

the Examiners. This work represents an estimated increase of 500% over the preceding Administration. Impairments of deposits, capital and surplus of more than 100 banks have been removed in large measure through cash contributions or by the deposit of cash or securities by the directors with the Department. These assets now approximate \$3,500,000. The policy of supervision, in effect, has made possible the helping of banks long before they are in serious difficulty. This has protected the depositors to the utmost.

### **Peculations**

The Department has uncovered frauds resulting in the arrest and prosecution of approximately 125 banking officials and approximately 175 building and loan association officials. It is safe to say that more embezzlements and defalcations have been discovered during the past four years than were discovered during the entire prior history of the Department. Without fear or favor, the Department has vigorously prosecuted persons who have been guilty of violating the trust reposed in them by the depositors and shareholders.

### **Building and Loan**

Building and loan associations have been given added attention by the Department of Banking because of the slump in the real estate market, which has affected the value of the assets of these associations. In all cases where it was necessary, the Department has, through the use of Section 808 of the new Building and Loan Code, placed building and loan associations on a restricted basis, thereby limiting withdrawals and segregating receipts. These associations, with any recovery in the real estate market, will be able to resume their normal functions.

### **Other Items**

Private banks under the supervision of the Department of Banking have been rigidly supervised and likewise the supervision of small loan companies has been strengthened.

There follows a statement as of June 30, 1934, showing the aggregate general resources, trust funds and corporate trust funds of the banking institutions subject to the supervision of the Department, and the number of depositors therein.

## Appendix—Banking

*Statement of the consolidated resources and liabilities of all Pennsylvania State banks, trust companies, savings institutions and private banks; also trust funds of State institutions and national banks doing a fiduciary business on the date indicated.*

### RESOURCES—JUNE 30, 1934.

Cash .....	\$ 30,112,358.03
Approved Reserve Agents .....	202,956,039.27
Loans .....	850,162,513.97
Bonds, Stocks, Mtgs. etc. ....	1,224,310,671.53
Office Building & F. F. ....	87,749,290.74
Other Real Estate .....	77,590,235.00
Other Resources .....	177,190,522.78
 TOTAL .....	 \$2,650,071,631.32

### LIABILITIES

Capital Stock .....	\$ 143,934,682.72
Surplus .....	289,261,864.59
Undivided Profits .....	43,030,176.73
Demand Deposits .....	756,693,974.90
Time Deposits .....	1,218,868,602.89
Bills Payable .....	13,072,426.02
Other Liabilities .....	185,209,903.47
 TOTAL .....	 \$2,650,071,631.32

### RESOURCES

Banks .....	\$ 238,292,391.44
Trust Companies .....	1,776,419,157.99
Savings Banks .....	562,046,757.25
Private Banks .....	73,313,324.64
 TOTAL .....	 \$2,650,071,631.32

Deposits .....	\$1,975,562,577.79
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### \*TRUST FUNDS AS OF March 5, 1934.

State Institutions** .....	\$5,034,235,452.36
National Banks** .....	403,901,346.75
 TOTAL** .....	 \$5,438,136,799.11

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\*CORPORATE TRUSTS

State Institutions** .....	\$5,747,212,622.62
National Banks** .....	193,815,599.07
TOTAL** .....	\$5,941,028,221.69

NUMBER OF DEPOSITORS

Savings Depositors .....	2,740,035
Other Depositors .....	871,889
TOTAL .....	3,611,924

NUMBER OF INSTITUTIONS

Banks .....	172
Trust Companies .....	216
Savings Banks .....	8
Private Banks .....	27
*National Bank Trust Dept.** ....	267
TOTAL .....	690

\* Not called for June 30, 1934.

\*\* As of March 5, 1934.

# **Department of Agriculture**

**JOHN A. McSPARRAN, Secretary**

To the Governor:

Herewith is a report of the work of the Department of Agriculture during your Administration.

During these four years of depression, every branch of the Department has been called upon to meet additional demands for work with a necessarily reduced personnel and budget. In some cases the work has more than doubled, and in most offices the increase has been from 25 to 50 per cent. At the same time, exclusive of the Farm Show and the Egg Laying Contest, there has been a reduction of over sixteen per cent in the regular personnel.

## **Egg Laying Contest**

An appropriation to start the Pennsylvania Egg Laying Contest—the first official contest of its kind in the history of Pennsylvania—was made in May, 1931. This contest has grown into one of the largest standard contests in the United States and in 1933 one of the Pennsylvania entries made the second highest record of any pen in any standard contest in the United States. Nothing has done more to place Pennsylvania prominently on the poultry breeding map of the world than this contest. It has proved the high quality of Pennsylvania poultry for egg production.

## **Bovine Tuberculosis Eradication**

During the four-year period, 3,075,000 tuberculin tests were made of cattle, 107,353 reactors were removed, and \$5,144,730.48 was paid to the owners as indemnity. Of this total indemnity, \$3,261,810.09 came from the State and \$1,883,920.39 from the Federal Government. More than 96 per cent of the cattle in the Commonwealth have been tested and found free of tuberculosis. These tested cattle make up all the herds in sixty-three entire counties and in many townships in the remaining four counties. The goal of a bovine tuberculosis-free State can be reached by January 1, 1936. This work is of vital concern to the public. The human death rate from all forms of tuberculosis, other than pulmonary, has been reduced more than one-half during the past ten years. Many things have played a part in this im-

## *Appendix—Agriculture*

proved health situation, but medical officials agree that the wiping out of tubercular cattle has been a big factor.

### **Dog Law Enforcement**

A new high record in number of dogs licensed and a new low record in amount paid for dog damage claims has just been made. Approximately 525,000 dogs were licensed in Pennsylvania during 1934. This is 16,000 more than were ever licensed before, and almost twice the number licensed in 1921 when dog law enforcement was in the hands of county officials exclusively. This better control of dogs has saved human life, protected good dogs, and removed one of the greatest shackles to the Pennsylvania sheep industry. Since June 1, 1933, the State Dog Law enforcement agents have been appraising damages to livestock and poultry caused by dogs and supervising the settlement of these damage claims. This change, made in accordance with an amendment to the Dog Law, has eliminated the costs of investigation and mileage formerly paid local appraisers. Together with careful appraising this has saved the Commonwealth thousands of dollars.

The work in the State's livestock disease diagnostic laboratory more than doubled in 1931-1934 compared to the previous four years. The number of specimens received for examination increased from 750,637 in 1927-1930 to 1,747,499 during 1931-1934. These examinations and their related investigational and regulatory work, serve as the very foundation of the effective state-wide livestock disease control program now under way.

### **The Battle for Wholesome Meat**

With the exception of New York, more meat is consumed in Pennsylvania, than in any other State. There is also more direct selling of meat by farmers and small local butchers to consumers here than in any other section of the country. This means that the State meat hygiene work reaches into every home. During the four years, annual inspection has been made of 3,000 more meat establishments, and twice as many carcasses, as in the four preceding years.

### **Poultry Disease Control**

Each year shows an increase in the demand for practical and efficient poultry disease control measures. There has been an

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annual increase from 135,000 to 350,000 in the last four years over the previous four years in number of chickens tested to eliminate infected breeders and provide disease-free sources of hatching eggs.

### **European Corn Borer**

The European corn borer for a time threatened the entire corn growing industry of the State. Fortunately, a practical method of clean farming, available to every corn grower in the infested area, was developed and demonstrated as a successful large scale control measure. During the past four years, a corn borer control program has been completed and the infestation reduced in the oldest-infested, northwestern counties, until to-day it is almost negligible in extent.

### **Potato Wart**

The eradication of potato wart, a disease which became established in certain central areas of the State more than fifteen years ago, has been a difficult task. The State, however, has within the past two years, developed a method for eradicating this disease which now promises effective elimination of the trouble.

### **Interstate Trade**

More quarantines and regulations on the importation of orchard and horticultural products have been adopted by states throughout the Union during recent years than ever before. Consequently, Pennsylvania shippers of these products to other states have found greater need for the services of the Department than in the past. Although this increased demand for service has taxed the officials to the limit, full service has been given and the markets of our shippers protected.

### **Gipsy Moth**

Two years ago an infestation of Gipsy moth—one of the worst pests of plant and forest growths known—was discovered in Pennsylvania. It was immediately recognized as a serious problem and everything possible was done to begin eradication and control work without delay. Gratifying progress has been made in the campaign. This work is being conducted cooperatively with the United States Department of Agriculture. It has been a source of work relief in the infested localities.

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### **Increase in Other Plant Activities**

There has been an increase in required services such as nursery inspection, apiary inspection, seed regulation, certification of seeds and plants, distribution of parasites and identification work ranging from 20 to 200 per cent during the four years ending January 1, 1935. Inexperienced people going into farming have encountered many pest control problems which have required attention. Unemployed people have taken up the production of nursery stock and certified seeds. This has demanded additional attention on the part of regulatory officials. All of this service, in addition to the regular work, has been carried on during this four-year period with a slightly reduced personnel and a thirteen per cent cut in the budget.

### **Apples Top World Markets**

Of the commercial crops grown, Pennsylvania now stands first of all the States in the proportion of fruits, vegetables, and cannery products which are officially inspected for grade as a protection to both producer and consumer. During the four years, 14,369 carlot shipments were certified compared to 8,082 in the previous four years. In a similar way, the amount of cannery raw products graded increased from 66,275,774 pounds in 1927-1930 to 242,317,566 pounds in 1931-1934.

During recent years, Pennsylvania-grown apples have repeatedly topped world markets, bringing premiums from \$.25 to \$1.00 a barrel in Europe over corresponding varieties from competing areas. All the apples shipped from Pennsylvania for export are now inspected and it is largely through this service that our apples are receiving world preference.

### **Grades for Canned Goods**

The latest departmental grading project—the grading of canned and dried products—promises to be of great importance. Not only will this give the canners in the Commonwealth an opportunity to have their products certified but it will also introduce a more efficient and unbiased method of checking deliveries to State institutions. It will give Pennsylvania canners an equal opportunity with others outside the State to compete for the State institutions' business since bidding will be on quality and grade as well as on a price basis. From the grading work of

## *Appendix—Agriculture*

canned goods already done, it is apparent that a great saving will result to the Commonwealth in the purchase of supplies for institutional use and the qualities will be improved. Many lots of goods offered by the low bidders have been found to be very deficient in quality and some even unfit for human consumption.

### **Better Egg Marketing**

Since 1931, the most outstanding development in the poultry work of the State has been the official grading of eggs at auction markets. The first egg auction was started in July, 1931. The number increased until there are now six. To date, nearly 8,000,000 dozen eggs have been sold by this method and Pennsylvania farmers have realized an additional return of over \$240,000 for this one product alone. In addition, poultrymen who have not sold through the auctions, have benefited since the price level has been increased on all eggs in areas covered by the auction market. Much time has been required of the Department specialists in training, licensing, and supervising the twenty-one egg inspectors at these auctions.

### **Poultry Improvement**

The poultry standardization work, which comprises the selection of birds for the purpose of developing high-grade, disease-free flocks, has increased from an inspection of 674,886 birds in the period from 1927 to 1930 to 999,000 in the last four years. Inspections have been made on 1903 farms during this period. All of this work has been accomplished with less help than previously.

### **A Bigger Market for Wheat**

A special effort has been made during this period to increase the local consumption of Pennsylvania-grown wheat. Flour made by blending home-grown wheat with stronger types of wheat grown in other states, has met with increasing popularity. The State institutions have cooperated in developing and using this flour. One mill alone reports the sale of 12,000 barrels of a blended flour to our State institutions and commercial bakeries during the past year.

### **More Public Markets**

In spite of a downward trend in other states, the number of farmers' markets in Pennsylvania has continued to increase.

## *Appendix—Agriculture*

There are now 135 farmers' markets operating in Pennsylvania compared with 126 in 1930. During the past four years, the Department has given assistance to nine groups in establishing new, enclosed markets in nine cities and made suggestions for the improvement of markets in many other cities.

### **Cooperative Marketing**

More than one-third of all Pennsylvania farmers are now members of cooperative associations. This is a gain of about 10,000 in the last four years. During this period, the State has assisted 38 new agricultural cooperatives in establishing themselves and has aided many others in reorganizing, refinancing, changing marketing plans, and the like. The volume of business being done cooperatively by farmers is approximately the same as four years ago despite the depression.

### **Complaints Against Dealers**

During the past four years, 253 complaints from producers against dealers and commission merchants were received and investigated. In many of the cases, the Department was able to bring the dealer and the producer together and reach a fair settlement. In others it was necessary to advise the producers to bring suit for recovery of the sum due them. The State should have more specific power to deal with such cases.

### **Reduced Budget for Market Activities**

The market activities of this Department have been carried on at the greatly increased rate with a 40 per cent reduction in budget and a 10 per cent reduction in personnel.

### **Food Products**

During the past four years over 30,000 samples of suspicious food products were taken by field agents in their constant vigil to protect the public health. Largely as a result of this close checking up, the general quality of food sold in Pennsylvania is good and remarkably free from adulteration and misbranding. The industrial depression, however, has made it exceedingly difficult to maintain this high standard, especially in the face of a necessary 10 per cent reduction in personnel and a 30 per cent reduction in budget devoted to the work.

### **Round Up Dishonest Milk Dealers**

A special effort has been made during the period to round up dishonest milk dealers as a protection to dairymen. The three dairy inspectors employed by the Department have been kept extremely busy check-testing milk samples and making investigations of milk plants. More than a dozen unscrupulous dealers were prosecuted and required to rebate to farmers thousands of dollars unlawfully taken from them. These dairy inspectors have been called upon to carry double their activities in an effort to save farmers unnecessary loss.

### **New Work**

Two outstanding accomplishments during this period have been the enforcement of the new Ice Cream and Bakery Laws. A total of 2,800 bakeries and 1,000 ice cream plants have been inspected and licensed during the past two years. This work has been done with no additional field inspectors, the activities being absorbed by the regular food inspectors even though there have been fewer food inspectors employed than formerly.

### **Crop Reporting and Information**

The work in crop and livestock reporting and in the general information service has more than doubled since the beginning of the depression. The division has been flooded with inquiries from unemployed urban families considering occupying abandoned farms and looking to the Department to furnish free seed and general agricultural direction. Estimates made by the Department on crop production and livestock numbers for each county have proven of paramount importance to the Federal Agricultural Adjustment Program. Cash income estimates have aided Pennsylvania farmers in getting more adequate real estate and production credit from the Federal Government. The monthly statistics on farm labor supply and demand have given State agencies a picture of unemployment conditions in rural districts. Ten thousand farmers cooperate and give their services free in this crop reporting work.

This expansion of services has been carried effectively with a twenty percent cut in the budget which required complete reorganization of the division in 1931.

# **Department of Forests and Waters**

**LEWIS E. STALEY, Secretary**

To the Governor:

Herewith is a report of the work of the Department of Forests and Waters during your Administration.

## **Contribution of the State Forests to the Relief of Unemployment**

The State Forests of Pennsylvania have played a leading part in fighting unemployment in the Commonwealth.

When the Civilian Conservation Corps Camps were being considered by the President, Pennsylvania was the first state to apply for, and name the location of fifty camps within the State forests. Thirty-six hours after the plan was discussed in Washington by the State Foresters of the Federal Government, Pennsylvania's plan was before the President and approved by him. Only a few weeks later a plan for fifty additional camps was submitted to Washington and approved. Train loads of men were moved into Pennsylvania in quick succession and just as promptly these men were put to work. There are now 94 CCC camps in the State, 83 of which are located on State forest and State game lands. These provide employment to some 16,000 young men between the ages of 18 and 25.

Many outstanding accomplishments have resulted from this movement. Improvement cuttings have been made on 20,326 acres of State Forests, from which all dead and inferior tree growth has been removed. As a result, wood growth of the more desirable species on that area has been greatly stimulated. Stand improvement and roadside clean-up covered 1,373 miles of forest roads. This improvement greatly aided the forest fire control problem in every location where work was done. More than 3,500 acres have been reforested by planting. Control work for white pine blister rust has been, perhaps, the largest single operation. All currant and gooseberry bushes have been removed from more than 80,000 acres of State forest land. Insect control work has been done on more than 500 acres of State forest land.

### **State Forest Road Program**

An outstanding achievement of this Administration in the Pennsylvania State forests, now comprising 1,647,880 acres, was the development of the greatest forest road construction program ever undertaken by any State. The Department took advantage of every dollar of Federal aid made available to it through the Civil Works Administration and the Emergency Conservation Work. As a result the State Forest and Public Use Program has been advanced from six to eight years ahead of schedule.

From the time the first purchase of State forest land was made by the Commonwealth, until April, 1933, when the first CCC Camp was established in Pennsylvania, the Department of Forests and Waters had been able to construct only 1,170 miles of improved earth roads for motor travel and open up an additional 1,270 miles of old wagon roads for forest protection purposes.

Since May, 1933, when CCC Camps were made available a greatly enlarged road program has been put into effect. The Department has constructed 1,663 miles of new truck trails and maintained 3,690 miles of old roads on which little or no work was heretofore financially possible. In addition to the roads, 577 miles of horse and wagon trails have been constructed. About 600 miles of foot trails were provided where roads were found not necessary or undesirable.

This program has made almost every acre of the forests available to the public and readily accessible. Nearly every part of the State forests of Pennsylvania may now be reached by every citizen for camping, hunting, fishing, or nature study. Many desirable cabins and other necessary facilities have been made available.

### **Stream Improvement in the State Forests**

The Department early in its history realized the vast possibilities for improving fishing conditions in the streams running through State forests. During the early part of the CCC operations, it was difficult to get the State's stream improvement program approved in Washington. Finally that was accomplished.

During 1933, approximately 375 fish dams were constructed and 30 miles of streams were otherwise improved. The program

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was greatly augmented during 1934, and by the end of this Administration nearly 1,200 fish dams will have been constructed, and more than 400 miles of streams will have been otherwise improved for fish propagation and protection.

Never in the history of the Department heretofore have funds been available for the construction of dams for recreational use only. At present twenty-one recreational dams of all sizes have been constructed or are in the process of being completed. These artificial lakes provide swimming, boating, and fishing facilities and create breeding places for water fowl. They vary in size from one to two hundred acres.

### **Forest Fire Control**

There are ten million people in the Commonwealth, many of whom are using the State forests more than ever before. They have 13 million acres of forest land over which to work and play. This condition naturally creates a greater fire hazard and forest fires are sure to occur. During the past four years, continuous effort has been put forth by the Department to strengthen the ranks of the forest protection forces of the Commonwealth.

During the years 1931, 1932, and 1933, forest fires occurred in unusual numbers, but they were met and controlled quickly by 50,000 forest fire fighters trained and equipped to handle them. The result has been a decrease in the total acreage burned over and a reduction in average size of each fire. The use of untrained and unequipped forest fire fighters has been practically eliminated. The services and personal sacrifices of Pennsylvania's 4,000 forest fire wardens constitute a record of which the Commonwealth may well be proud.

During this Administration the State-wide forest fire observation system has been greatly enlarged. More than 90 per cent of the forest area of the Commonwealth is now afforded outstanding protection by our forest fire observation system. Detecting and locating forest fires has been made much more efficient by the addition of 22 steel observation towers, bringing the total of such stations to 146, and practically completing the primary tower system of the State. A few more secondary towers will be needed, but expenditures for these will be small.

During the past year and a half 1,500 miles of fire breaks were constructed in the State forests and 6,671 miles of forest

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fire hazards were eliminated by the CCC workers. We now have 850 miles of State-owned forest telephone lines in Pennsylvania, practically all of which are in excellent condition. This communication system between forest fire fighters and District Forester headquarters makes the forest fire problem much easier to handle than ever before.

### **Pymatuning Reservoir**

The Pymatuning Reservoir, the largest stream regulation project ever undertaken in Pennsylvania, has been built during this Administration. It has an area of 17,000 acres and a capacity of 64 billion gallons. It was constructed primarily to increase the low flows in the Shenango and Beaver Rivers, but it will also reduce floods and greatly improve the sanitary conditions of streams it feeds. It is destined to become the greatest recreation project in the Commonwealth. Already many millions of small fish of species suitable to the water conditions have been planted and the recreation plan is being worked out. Its construction cost was about \$3,720,000, a large part of which was expended during a time when unemployment was at its height. At least 10,000 men were benefited during the time it was being built. Storing water was begun in January, 1934, and by May, when the reservoir was only one-quarter full, it was necessary to release water for the benefit of the communities in the Shenango and Beaver Valleys, which were then suffering from the severest drought on record.

### **Other Improvements**

For years approximately fourteen hundred acres of Tinicum Township, Delaware County, has suffered serious loss from floods due to breaks in the Darby Creek and Delaware River dikes. Several lives had already been lost. To correct this condition the Department undertook reconstruction of the Darby Creek dikes and has sponsored a project for reconstructing the Delaware River dikes. The former have been completed and the latter will, under satisfactory weather conditions, be completed by April 1, 1935.

Other important flood control projects, such as improvement of Brodhead Creek between Stroudsburg and East Stroudsburg, Sandy Lick Creek Improvement at DuBois, and Jeannette Bor-

## *Appendix—Forests and Waters*

ough Flood Protection will materially reduce property damage in those areas.

On January 1, 1930, the annual publication of "Stream Flow Records of Pennsylvania," were four years in arrears. These records have been brought up to date without additional personnel.

Unquestionably the outstanding accomplishment in the Department of Forests and Waters during this Administration has been the increased efficiency of personnel. In the face of necessary curtailment of appropriations the work of the Forest Service and the Water Resources Service was almost doubled as a result of new activities created by the unemployment relief programs of the State and Federal Government. In many cases the Federal Government provided labor and State appropriations were used for material, supplies, and equipment for the men. Through that combination the Department was able to advance its program to a point which would ordinarily not have been reached for many years.

And this is significant: The salary payroll of the Department was decreased approximately \$79,000 annually from that of the previous Administration and yet its personnel successfully handled the work. More than five and one-half million dollars in addition to the \$7,488,260.30 provided by the State was involved.

### **Comparative Figures of Principal Activities**

	<i>1927-1931</i>	<i>1931-1935</i>
State Forest Roads Constructed—miles ..	223	1,350
State Forest Trails Constructed—miles ..	572	3,378
Forest Fires—area burned—acres .....	503,547	452,770
Number of Forest Fire Observation		
Towers Erected .....	15	24
Trees Planted on State Forests .....	3,054,735	7,212,126
Trees Distributed to Private Planters ..	40,954,000	27,294,920
Recreational Use of State Forests .....	5,366,000	8,500,000
Leases Granted for Permanent Camp Sites	234	686
Buildings Erected .....	75	579
Telephone Lines Constructed .....	45	48
Telephone Lines Reconstructed .....	87	268
Road and Trail Side Clearing—miles .. .		366

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	<i>1927-1931</i>	<i>1931-1935</i>
Elimination of Fire Hazards—acres .....	1,093	
Forest Stand Improvement—acres .....	21,230	
Tree and Plant Disease Control—acres .....	98,295	
Recreational Dams Constructed .....	21	
Fish Dams Constructed .....	1,200	
Stream Improvement—miles .....	400	
Forest Stock Survey—acres .....	1,425,000	

# **Department of Mines**

**WALTER H. GLASGOW, Secretary**

To the Governor:

Herewith is a report of the work of the Department of Mines during your Administration.

Since the beginning of this Administration the Department of Mines has of necessity increased its activities and accomplishments. The depression presented many new problems which adversely affected the safety of the mines and the conditions of employment. Many mining operations were either temporarily or permanently abandoned due to lack of market for the coal or financial inability of the operator to continue in business. This condition resulted in a breakdown of the morale of the men engaged in the industry and made it increasingly difficult to obtain even a reasonable compliance with the requirements of the Mining Laws.

## **Safety**

Irregular operation of the mines, many averaging only two days work each week, resulted in greatly increased hazards, particularly at the working faces in the mines. Both working and safety conditions have improved as a result of the adoption of the Bituminous Coal Code on October 8, 1933. The major accomplishments under the Code were the increase and stabilization of wages for mine workers and the fixing of minimum selling prices for the various grades of Bituminous coal. It is the consensus of opinion of the leaders of both Labor and Industry that the Coal Code has been the salvation of the industry and the continuation of the Code or some similar form of regulation is imperative for the future welfare of that industry. Notwithstanding the provisions in the Coal Code for the elimination of unfair competition, much difficulty has been encountered by the Code Authorities as a result of thousands of small mines being opened or old mines resuming operation, taking advantage of the more favorable selling prices adopted under the Code but otherwise failing, and in most cases refusing, to abide by the provisions of the Code as to wage scales and other fair trade practices, including the safety requirements of the State Mining Laws.

### **Mining Law Strengthened**

In response to the demand for better and safer working conditions the Legislature amended the Mining Laws, effective January 2, 1934, placing all mines employing two or more men under the jurisdiction of the State Department of Mines—the minimum number before the amendment was ten men. This change in the law resulted in this Department's having the added responsibility of inspecting several thousand additional small mines scattered over the entire bituminous field, and many of them in almost inaccessible places.

On the first visit of the Mine Inspector many of these small mines were found to be operating under the most dangerous conditions and the immediate hazard to the workmen so great that they were removed from the mine and the operation of the mine ordered discontinued until reasonably safe working conditions were provided. This additional work has been done and can be continued without jeopardizing the supervision required for the larger mines even with the present reduced inspection force which lacks four of being the full complement of 30 Bituminous Inspectors.

The amendment to the Anthracite Mining Laws, having the same effect and effective date as in the bituminous field, added a comparatively small number of mines to the work of the inspection force and the need for increased supervision can be met without difficulty, notwithstanding the fact that there are at present only 18 instead of the full quota of 25 inspectors. The 7 vacancies, accumulated over a period of several years, resulted from deaths and retirements, and were continued in the interest of economy with reasonable assurance that the existing operating conditions and the short working time would warrant such action.

During this Administration the Department of Mines has not only carried forward its regular work, but has improved the supervision of the Mine Inspectors by closer contact between this office, the field forces, and the industry. This was accomplished early in the Administration by having the Deputy Secretaries of both Anthracite and Bituminous Divisions establish headquarters in the geographical center of activities to give close personal attention to mine inspection work, by having them study unusual hazards and the common causes of

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accidents resulting in personal injury, and by emphasizing at all times the necessity of finding and removing the cause of accidents before instead of after the accident. The result of this effort is demonstrated and more definitely shown by the reduced number of accidents in mines.

### **Accidents Reduced**

There are 1,576 bituminous mines and 763 anthracite mines employing ten or more men. This does not include several thousand smaller bituminous mines which recent law placed under the Department's supervision. The forty-four inspectors together with the electrical inspector made 33,244 inspections during the four years.

For the four year period ending 1930 there were 1,867 fatalities in the anthracite mines as compared with 1,073 during this Administration to date. On a production basis, the comparison for the former period is 158,373 net tons per fatality and 191,000 net tons for the latter period. In the bituminous field the total was 1,537 fatalities with 343,045 net tons per fatality for the four years ending 1930, and 632 fatalities with 513,000 tons per fatality for this Administration to date. On a basis of exposure, the anthracite comparison was 13.39 fatalities per million man-days for the previous Administration, and 13.05 to date for the present Administration. For the bituminous field, 12.76 as compared with 8.50 for the present Administration. To put the matter another way, the total direct saving in workmen's compensation and medical costs for all compensable mine accidents in the anthracite region, for this Administration to date, is \$2,572,054.00 as compared with the previous four years. On the same basis, for the bituminous region, the saving to date is \$757,194.00. It is agreed by all authorities on the subject that the total cost to the industry and the public, direct and indirect, of mine accidents is between four and five times that of compensation and medical services alone. The marked difference in the actual total saving in the anthracite field, as compared with the bituminous field, was the result of earlier improvement in accident-preventing accomplishments in the bituminous field.

A major accident is one in which five or more lives are lost. There has been no major accident in the anthracite region since

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May 29, 1931, and only one such accident in the bituminous region. It involved the loss of seven lives, in September, 1933. For a period of more than 30 years, prior to March, 1929, the bituminous field had not operated more than 22 months without a major accident. A record never before equalled in the mining industry of this nation, or any other nation so far as records are available, was made in the bituminous field when more than 500,000,000 tons of coal were produced in a period of 61 months between August, 1929, and September, 1933, without a major accident resulting from an explosion of gas. The accident that broke this record more than a year ago was of such an unusual type that neither the cause nor responsibility could be definitely determined.

### **Inspectors Examined**

Mine Inspectors are selected by examination similar to Federal Civil Service examinations through a Mine Inspectors' Examining Board appointed by the Governor each four years; one each for the anthracite and bituminous coal fields. Methods employed by these Boards have undergone much needed revision and great improvement has been shown in the results.

An examination for Bituminous Inspectors was held at State College in May, 1933. Nineteen of the 102 candidates successfully passed the examination. To date no examination has been held for Anthracite Inspectors—having been deferred temporarily in the interest of economy and, since the beginning of this biennium, an examination could not be held on account of failure of the Legislature to provide the necessary funds. During this Administration one Anthracite Inspector and four Bituminous Inspectors have been appointed.

Examinations for Mine Foreman, Assistant Mine Foreman, and Fire Boss are held annually as required by the Law. In the Anthracite Field we had a total, for the four years of this Administration, of 1,166 applicants, of which 1,024 were successful. In the bituminous field, for the same period, there were 3,015 applicants, of which 1,373 were successful.

Early in the Administration a commission of Anthracite Mine Inspectors was appointed and designated the Water Hazards Commission, to make a careful study of the dangers incident to the mining and removal of coal from under and immediately adjacent to the Lackawanna River. Failure to provide proper

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support for the river and ample barriers against high stages of water would jeopardize the lives of thousands of workmen employed underground over the entire mineable area traversed by the Lackawanna River.

### **Safety Zones**

With the cooperation of the larger mine operators a survey was made of unmined coal in the various veins from Forest City to Pittston, and safety zones established by agreement between the operators and the Mine Inspectors beyond which not more than the prescribed amount of coal is to be mined except by further consultation and agreement. Detailed maps were prepared for each of the mine operations and a master map for the entire area involved; the cost of this work being conservatively placed at \$20,000. This unusual undertaking, the first of its kind, was completed and the maps presented to the Department of Mines in April of this year. The use of these maps by the Water Hazards Commission will be of increasing importance as mining in that field continues. This survey and agreement might be properly considered one of our major accomplishments in accident prevention work.

With the cooperation of The Pittston Company, one of the larger operators in the anthracite field, United States Bureau of Mines, and other operators there has recently been completed, at an estimated cost of \$10,000, a map of the entire anthracite region showing, in appropriate colors, the extent and relative location of the land owned by the seven largest anthracite operators, and the combined holdings of all independent operators, together with the location of all collieries and operating mines indexed, by key number, as to name and ownership. A copy of this valuable map, the first and only one of its kind, has been presented to this Department.

# **Department of Highways**

**SAMUEL S. LEWIS, Secretary**

To the Governor,

I have the honor to present the following report of the accomplishments of the Department of Highways for the four years beginning January, 1931:

The past four years have been epoch-making for the users of the highways of Pennsylvania. Since January 1, 1931, more than 13,000 miles of roads have been improved under the direct supervision of the State Department of Highways, equivalent to more than four times the distance between New York and Los Angeles. More miles of good roads have been built by the Department during this administration than were improved during the entire previous history of the State highway system.<sup>1</sup> No agency provided as effective work relief during this depression. In one week as many as 76,232 hourly employes were engaged on projects supervised by the Department of Highways. In addition to those employed directly on the job, many thousands more were at work in the production of equipment and materials used in the construction and maintenance of the highways.

During this administration legislation was enacted which relieved townships, counties, cities, and boroughs of a substantial portion of the highway burden. Approximately 22,000 miles of highways, consisting of township roads, abandoned turnpikes, and borough and city streets, were added to the State highway system. These additions brought the total mileage on the system to 35,387 miles, or considerably more than double the 13,384 miles that comprised the system at the outset of the administration.

In second-class townships millions of dollars in annual savings to taxpayers have resulted through legislation placing 20,000 miles of township roads on the State highway system, and by the Act of Assembly authorizing the Department of Highways to spend \$11,352,000 for maintenance and repair of the remaining 48,500 miles of second-class township roads during the two calendar years 1934 and 1935. Since 1931 the accumulated savings in road taxes from these two acts of Legislature has amounted to over \$13,900,000.

Boroughs, cities, counties, and townships have been relieved

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of the responsibility of maintenance and construction of hundreds of miles of streets and highways. By a 1933 Act of Assembly, 627 miles of streets in boroughs were established as State highways and, in addition, the Department of Highways took over for maintenance and construction 264 borough bridges. Legislation passed in 1931 and 1933 placed on the State highway system 440 miles of city streets which formed connecting links in State highways. By 1931 and 1933 Acts of Assembly, maintenance of twenty-six former county bridges became the responsibility of the Department of Highways, and by reason of the Act of Assembly establishing abandoned turnpikes as State highways, counties and townships were relieved of the maintenance of over 600 miles of these roads.

### **Extent of State Highway System**

More than one-third of all the public highways in the State are now included in the State highway system. At the beginning of the present administration there were 13,384 miles of roads on the State highway system, and 178 miles of State-aid roads off the system. On August 15, 1931, 20,156 miles of township roads and 302 miles of city streets were added to the system. In 1933, 1,452 additional miles were made State highways, including 660 miles of abandoned turnpikes, 627 miles of streets in boroughs, and 138 miles of streets in cities of the second-class, second-class A, and third-class. So at the present time the Department of Highways is responsible for the maintenance and construction of 35,387 miles of State highways and 27 miles of State-aid roads off the system in boroughs.

In addition, \$11,352,000 was appropriated from the Motor Fund to the Department of Highways for the maintenance and repair of approximately 48,500 miles of second-class township roads for two years, beginning January 1, 1934.

The grand total of mileage for which the Department is responsible, in whole or in part, is, therefore, about 84,000 miles.

Also, the Department is responsible for the maintenance and construction of over 11,500 bridges.

### **Status of Highway Improvement**

On January 1, 1931, there remained about 3,100 miles of the old system to be improved. This system comprised the original Sproul highways, and roads added to the system by legislation

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prior to January 1, 1931. Upon completion of the work now under way, about 500 miles of the old system mileage will remain to be improved.

Of the 20,156 miles of rural routes taken over as State highways on August 15, 1931, approximately 17,000 miles were unimproved. Upon completion of the work now under way, only about 6,400 miles of the rural system will remain to be improved.

Of the 35,387 miles on the State highway system, including the roads on the old system, rural system, abandoned turnpikes, and State highways in cities and boroughs, approximately 7,100 miles will remain to be improved upon completion of the work now under way.

### **Mileage of Work Performed**

From January 1, 1931, to December 6, 1934, there were completed under the direct supervision of the Department 13,364 miles of highway construction, reconstruction, and resurfacing, of which 2,869 miles are on the old system, including abandoned turnpikes and old system connections in boroughs; 10,229 miles on the rural system, including rural system connections in boroughs; 72 miles on connecting streets in cities, and 194 miles off system.

The roads completed since January 1, 1931, consist of 10,998 miles of new pavement, 395 miles of reconstruction, 1,966 miles of resurfacing and reclamation, and 5 miles on grade crossing elimination projects.

In addition to the work completed, 860 miles are under construction and 83 miles are scheduled for construction by contract.

The cost of the various types of pavement built ranged from \$4,500 to \$65,000 per mile, depending upon the type of construction, width and depth of pavement, cost of materials, the amount of grading and number of drainage structures required. Some projects exceeded \$65,000 per mile, of which one contract amounted to \$272,620 for a length of 0.96 of a mile. In the selection of the types of improvement consideration was given to traffic requirements and the availability of local materials, resulting in the maximum of highway transportation service at a cost commensurate with the service rendered.

Over 3,000 bridges were reconstructed by contract and Department forces, at a cost of more than \$12,000,000.

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At the beginning of this administration there were more than 900 bridges on the State highway system which were rated at a carrying capacity below the maximum legal load. Some of these bridges have been repaired and others replaced. Today all but about 238 of the under-capacity bridges have been brought to full carrying capacity, while those that remain below strength have been plainly marked for load limitations.

### **County Bridges**

Under the Act approved May 21, 1931, P. L. 147, the Department became responsible for the maintenance and construction of 26 additional former county bridges on the State highway system. Sixteen of these bridges were partly located within the limits of third-class cities, and under the above act fifty per cent of the maintenance and construction costs on these bridges remained the responsibility of the county. This act was amended in 1933 to provide that the Commonwealth assume the entire cost of construction and maintenance of the bridges located partially within cities. The Commonwealth is now responsible for about 2,200 former county bridges. Of these 238 were reconstructed or repaired prior to January 1, 1931, at a cost of \$5,336,046. Since that date 558 additional have been reconstructed or repaired, at a cost of \$5,805,275.

### **Boro Bridges**

Under the Act approved June 1, 1933, the Department became responsible for the maintenance of borough bridges on State highway routes established prior to June 22, 1931. Two hundred sixty-four borough bridges were taken over for maintenance by the Department under this act. Of this number 34 have been reconstructed or repaired, at a cost of \$214,261.

### **Expenditures**

The Department of Highways expended, for construction and maintenance of highways and other incidental operations of the Department \$54,598,890.13 during the calendar year 1931, \$52,667,456.71 during 1932, \$54,836,429.00 during 1933, and \$74,715,644.56 during the period from January 1, 1934, to December 15, 1934. The total amount expended by the Department of Highways for the period from January 1, 1931, to December 15, 1934, was \$236,818,420.42.

### Rural Route System

Traffic on the principal State roads had increased to such volume that certain sections of the highways required widening to three lanes and, in some cases, to four lanes. The increase in traffic had also affected minor roads in a smaller but an important degree. Thousands of miles of township roads with little, if any, artificial improvement had developed into carriers of greater volume of traffic than some of the main roads of 1911. The rapid shift of traffic from horse-drawn to motor vehicles, with resulting increases in weight and speed, had greatly overtaxed the capacity of the township roads.

Due to these conditions a large number of townships were burdened with road tax levies from fifteen to twenty mills. Many had rates as high as twenty to thirty mills. In 1930, the road tax collected in 1,444 second-class townships, that had filed reports with the Department, amounted to \$14,037,369.01, representing an average tax of 10.69 mills on a total valuation of \$1,313,394,250.63. The tax collected was so inadequate when spread over the entire mileage of township roads, and unsystematically applied by boards of supervisors, that improvement of lasting value was restricted to a comparatively small number of the larger townships. Elsewhere the funds available were so insignificant that a great number of roads were impassable throughout portions of the year. Although the chief sufferers were the residents in locations where these conditions existed, the general public found ample reason to complain of the resulting limited use of motor vehicles. It is impossible to estimate the cost of this handicap to development of such localities, and the extra expense imposed upon traffic by such inadequate road facilities. All of these facts indicated the imperative need that township roads be put on a more practical basis of improvement.

On June 22, 1931, an act was approved establishing 20,156 miles of township roads as State highways. Approximately twenty-five per cent of the township roads in each county became State highways under this legislation.

Construction, reconstruction, and maintenance of all drainage structures having a span length of ten feet or less became the responsibility of the Department. The total number of these structures was over 5,000.

The acquisition of these 20,156 miles of township roads as

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State highways brought about a reduction of \$2,322,872 in the tax levy for road purposes in second-class townships in 1932 as compared with 1931. In 1933 there was an additional reduction of \$2,405,790 from this same source, or a total annual reduction of \$4,728,662 in 1933 as compared with 1931.

### **Development of Low-cost Road Construction**

Facing the urgent demand for improvement of rural roads along with the extension of construction on the main highway system, this administration found it absolutely necessary to develop a new standard of construction for rural roads, one that would conserve funds to the fullest practical extent, yet afford a surface fully adequate to traffic requirements. This situation was met by the development of a low-cost type of bituminous macadam construction adapted to use of materials closest at hand. Inexpensive but adequate surveys and plans were provided to give proper consideration to such fundamentals as alignment, grades, width, drainage, character and depth of base, type of surface and superelevation. The result has been a finished structure that has stood the most severe tests of heat and frost and the most exacting demands of unrestricted traffic. It is a standard that is today accepted by the Federal Bureau of Public Roads, and has been widely copied in other states. In planning these roads, careful consideration has been given to the foundation value of various soils on which the surfacing is laid, and full advantage has been taken of availability of local materials.

A most important consideration has been the maximum use of common labor, in order to afford relief of unemployment. With this object in view, local stone has been extensively used as a material for the base course. This material has been obtained from fields and fence rows, or quarried near at hand and knapped in place on the roads. It has even been found practical to purchase commercial stone in sizes suitable for hand knapping.

More than 12,000,000 tons of local materials were used, at a decided saving in cost.

Of the various types of low-cost road construction those most generally used included oilbound penetration, premixed materials, or heavy surface treatments on native stone, slag, red dog, flint, gravel, or commercial stone bases.

The various types of bituminous surface roads adequate for

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their traffic demands have been built at total costs ranging generally from \$6,000 to \$9,000 a mile. They are being maintained at a very reasonable expense.

### **Employment of Labor**

An enormous amount of work relief has been provided during the depression mainly in the construction of low-cost roads by the Department. Our average weekly number of hourly workers through 1932 and 1933 was 40,000. Our average thus far for 1934 has been more than 57,000. Special effort has been made to maintain employment during the winter months when need for relief has been greatest. Our week of peak employment, 76,232 occurred last January. To spread relief further, most of our work has been carried on in two or more shifts.

During the past three years the Pennsylvania Department of Highways has afforded more re-employment than any other single agency in Pennsylvania. Throughout this period the Department has employed more labor than any industrial concern in the State.

In order that the most needy might be assisted with work, and that politics be fully divorced from so important a relief undertaking, all of our common labor has been obtained from County Emergency Relief Boards and from re-employment agencies designated by the Federal Government. Thus the motorists of Pennsylvania, whose payments of registration fees and of liquid fuel tax make up the Motor Fund from which all but a comparatively small percentage of money devoted to labor on Pennsylvania highways is provided, have been enabled to write a glowing page in the record of reduction of human distress during this period.

### **Reorganization**

In anticipation of the adding of 20,000 miles of township roads to the State highway system on August 15, 1931, the field forces of the Department were reorganized. The eight existing field engineering divisions were replaced by six divisions, each containing two field engineering districts. The division headquarters were located at Harrisburg. The number of maintenance superintendents was increased so as to have one superintendent, with the required number of assistants, located in each county, excepting Elk and Cameron Counties, where one super-

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intendent was assigned to take charge of the roads in the two counties.

When the Department of Highways was made responsible for maintenance and repair of the remaining 48,500 miles of second-class township roads for a two-year period, beginning January 1, 1934, it was found necessary to increase the number of assistant superintendents from 154 to 242, an addition of 88. This gave to each assistant responsibility for the supervision of approximately 400 miles of roads, including State highways and township roads.

It is interesting to note that under this administration the State highway system was more than doubled in mileage, and the maintenance of all township roads was undertaken with practically no increase in salaried personnel other than that of these assistant superintendents. Under the township system of maintenance supervision over the road work was performed by more than 4,500 elected supervisors.

At the beginning of this administration, the salaried personnel strength of the Department of Highways was 2,114, involving an annual pay roll of \$3,670,379, as compared with 2,249 active employes and a pay roll of \$3,856,080 on January 1, 1935. During this period the State highway system mileage was more than doubled and, in addition, the Department was made responsible for maintenance and repair of some 48,500 miles of township roads for a two-year period, beginning January 1, 1934. Notwithstanding the large increase in the miles of highways placed under the jurisdiction of the Department during this administration, there will be only 135 more salaried employes on the pay roll on January 1, 1935, as compared with January, 1931, with the total annual pay roll for this class of employes increased by \$185,700.

### **Township System**

Under the Act approved June 3, 1933, P. L. 1520, \$11,352,000 was appropriated from the Motor Fund to the Department of Highways for the maintenance and repair of second-class township roads for two years, beginning January 1, 1934. The act provided that the appropriation be allocated to the townships on a mileage basis. Because of this method of allocation it was necessary to check the miles of township roads. A speedometer survey was made with calibrated speedometers, and it was found

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that there were 48,500 miles of second-class township roads instead of 53,000 as had been previously reported by the supervisors.

Eighty-nine per cent of the total mileage was classified as unimproved, 8½ per cent stone roads, and 2½ per cent bituminous treated macadam roads or higher types. Included in the unimproved mileage were about 2,000 miles of impassable roads—roads fallen into disuse and grown up with underbrush and, in some cases, planted with wheat, corn, and other crops.

The roads averaged 32 miles to a township. Three townships had less than a mile of road; two had no township roads. In 162 townships the mileage varied from one to ten miles; in eleven townships the mileage varied from 100 to 200 miles.

The act did not establish the second-class township roads as State highways, and they still retain their status as township roads. The Department of Highways' authority was limited to the expenditure of a specific amount in each township for the maintenance and repair of the township roads. The allocation averages about \$117 per mile per year.

In 140 townships the allocation was insufficient to maintain all the township roads, and in these townships the supervisors agreed to maintain some of the roads, or 1,625 miles.

### **Tax Relief**

The intent of the act was to reduce local taxes as well as to afford better maintenance of these roads. The tax levy for road purposes in second-class townships for 1934 showed a reduction of \$2,195,061 as compared with 1933. This reduction, together with the previous reductions made possible by the State's acquisition of about 25 per cent of the township roads in 1931, brought the 1934 township road taxes \$6,923,723 below the 1931 levy. As the tax reduction in 1932 compared with 1931 had amounted to \$2,322,872, and in 1933 this reduction had amounted to \$4,728,662 by the same comparison, the accumulated tax savings of the three years, 1932, 1933 and 1934, have reached \$13,975,257.

Many townships were enabled entirely to eliminate road taxes, while others reduced these taxes to only a few mills.

### **Work Performed**

During 1934 the Department brought the township roads into better condition than they ever were before. These roads have

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been shaped by road machining, kept free of ruts by dragging, and thousands of feet of culvert pipe have been placed to provide better drainage.

Of the hundreds of letters of commendation received by the Department as the result of its brief period of maintenance of township roads, perhaps the most significant are those that have come unsolicited from rural mail carriers and from drivers of school buses, who must travel these roads in all seasons and under all conditions of weather.

### **Contracts Awarded**

During the period from January 1, 1931 to December 17, 1934, 712 State contracts for roads and bridges were awarded, in the amount \$57,456,536. These contracts included 565 road projects, totaling 1,526 miles and amounting to \$48,074,540, and 147 bridge projects in the amount of \$9,381,996.

In addition, awards were pending on twelve projects, totaling 14.38 miles, in the amount of \$673,818.37. Also, bids have been requested on fifteen additional projects totaling 20.47 miles, at an estimated cost of \$1,191,704.

### **Bids Rejected**

Bids received on road and bridge projects are compared with estimates of the costs prepared by the Department, and where the low bid is found too high, all bids are rejected and the project is readvertised. Between January 1, 1931, and December 8, 1934, bids on thirteen projects were rejected as being too high; the projects were readvertised and resulted in a saving of \$115,625.

### **Toll Bridges**

The Act of April 27, 1927, P. L. 395, which empowered the Secretary of Highways to acquire, on behalf of the Commonwealth, existing toll bridges, was amended by the Act of January 2, 1934, P. L. 205, to permit payment of acquisition costs out of the Toll Bridge Fund created by the Act of January 2, 1934, P. L. 201. By the terms of the latter act the Toll Bridge Fund will consist of the proceeds realized from the sale of bonds authorized by the Constitutional amendment permitting an additional State debt of \$10,000,000 for the purpose of acquiring toll bridges.

At the present time there are eight toll bridges on or be-

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tween State highway routes, and nine bridges off State highway routes within the State. The Department has proceeded with a valuation survey of the bridges on or connecting with State highways, preparatory to entering into negotiations for the purchase of the bridges.

### **P. W. A. Applications for Additional Bridges**

The Act of March 16, 1933, P. L. 12, authorized the Department of Highways to arrange with the Reconstruction Finance Corporation for the advancement of funds to construct additional bridges within the Commonwealth, the loans to be retired from tolls collected on the bridges. This act was amended by the Act of December 4, 1933, P. L. 37, to permit the making of such arrangements with any agency of the Federal Government authorized so to act. On January 11, 1934, applications were filed with the Federal Emergency Administration of Public Works for funds to construct bridges across the Susquehanna River at Millersburg, Holtwood, and Bainbridge. On November 30, 1934, counsel for the Federal authorities recommended rejection of the applications owing to legal obstacles in the way of satisfactory financing, but at the same time recommended that the State be given leave to amend the applications. On account of the lateness of the date the entire undertaking will be referred to the next State administration.

### **New Bridge Standard**

A new bridge standard was developed, consisting of a timber floor on I-beam stringers and a timber or flexible steel guard rail. This is simple in design, durable, and of such reasonable cost that bridge dollars can be stretched to the utmost. Another feature of the new design is its speed of construction, which cuts down the length of time detours are required. Over 800 bridges of this type were constructed at considerable saving.

### **Grade Crossing Elimination**

During this administration 137 grade crossing projects on the State highway system were completed, at a cost of \$14,294-344.73. The projects eliminated 67 existing grade crossings and five existing overhead and undergrade bridges on the system, created 18 new grade crossings on State highways, and involved the reconstruction of 35 bridges, the construction of

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nine new bridges carrying State highways over or under railroads, and involved the relocation of 41 grade crossings on State highways.

In addition, there are 18 projects now under construction. The estimated cost of these projects is \$963,313.64. These projects provide for the elimination of one grade crossing, the reconstruction of nine bridges, the construction of two new bridges, the relocation of six existing crossings, the reconstruction of three existing grade crossings, and the construction of one new grade crossing.

Seventeen projects have been ordered for construction by the Public Service Commission, at an estimated cost of \$524,596.23, on which work has not yet been started.

In addition to participating in grade crossing elimination projects, the Department has assisted railroad companies in affording greater protection at existing crossings by the installation of standard automatic flashing signals. During this administration, 39 installations of flashing signals were completed. The Department also shared in 28 installations of advance warning yellow flashing signals.

### **Upkeep of the Highway System**

The upkeep of the highway system involves the maintenance of 35,414 miles of State highways, including city and borough streets on the system, and State-aid roads off system. There are 27 miles of these State-aid roads which are included in the total mileage and are maintained by the Department. Fifty per cent of the maintenance cost of these State-aid roads is paid for by the local authorities.

The maintenance of this mileage included patching and repairing pavements, shaping and dragging earth roads, mowing of grass and weeds, replacing and repairing pipes and drains, repair and painting of bridges, erection and maintenance of signs, retreatment of bituminous macadam pavements, oiling of earth roads, removal of snow and cinderizing icy roads, placing of snow fence, replacing and maintaining guard fence, resurfacing of worn-out pavements, roadside planting, and other maintenance operations necessary for preservation of the roads.

### **Application of Bituminous Materials**

During the four years of this administration approximately

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178,000,000 gallons of bituminous materials were used for retreating and patching bituminous pavements, for oiling of earth roads, for the initial treatment and seal coat for new macadam pavements, and for sealing joints and cracks.

Of the total amount of bituminous material used, 39,643,956 gallons were applied in the retreatment of 13,865 miles of macadam pavements, 9,346,621 gallons were used for laying dust on 2,102 miles of earth roads, 20,877,855 gallons for patching road surfaces, 1,732,902 gallons for sealing joints and cracks, and 106,387,663 gallons for construction and reconstruction of bituminous macadam pavements.

The average unit cost, furnished and applied, of the oil used in the construction and reconstruction of bituminous macadam pavements, and for retreating bituminous surfaces was approximately \$0.08715 in 1934 as against \$0.14338 in 1930, representing a cost reduction of \$0.05623 per gallon, or in round numbers, \$2,600,000 for the 1934 total of oil purchased for these purposes. Using the same basis of comparison, the cost reduction for the four years of this administration was more than \$9,095,000.

### **Guard Fence**

Since January 1, 1931, 793 miles of guard fence were erected on the old system, 234 miles on the rural system, and 0.75 of a mile on State institutional roads.

Additional standards were drawn to permit use of various designs of modern guard fencing, including steel plate, woven wire, wire tape, and metal strip.

### **Snow Removal Program**

The Department's snow removal program has been increasing under this administration with the expansion of the State highway system. During the winter of 1933-34 the snow removal program included 11,839 miles on the old system, in addition to which the most important routes on the rural system were cleared of snow.

The total cost of snow removal, exclusive of overhead, for each of the following winters was: \$1,163,600 for 1929-30; \$1,518,977 for 1930-31; \$1,367,074 for 1931-32; \$1,207,762 for 1932-33. The winter of 1933-34 was unusually severe and as a result the total cost of snow removal operations was \$2,388,000,

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of which \$546,400 was spent on the rural system. Even this unusual cost represented only about \$1.43 per registered motor vehicle to avoid extensive losses of highway facilities during the winter months. Snow removal materially reduces the maintenance costs upon the roads, as it permits traffic to spread over the full width of the road, usually without chains, and lessens the discomforts and hazards of winter driving. Maintenance forces are ordered out day or night for cindersing as soon as ice begins to form, and snow removal starts as soon as the fall reaches a depth of two inches. The amount of snow fence erected this fall to protect the highways from drifts amounted to more than seven and one-half million feet, or over 1,400 miles—equivalent to the distance between Philadelphia and Oklahoma City, Oklahoma.

### **Signs**

One of the most important contributions ever made to traffic safety on Pennsylvania State highways was the development by this administration of a new standard of warning signs, most of them employing simple symbols to indicate hazards. Approximately 200,000 of these new signs were placed on the highways. They have been generally acclaimed by motorists. Studies by experts revealed that the symbols indicating approach to various types of intersections and curves produce a much quicker reaction of the motorist than is obtained from worded signs.

Extensive studies were made in the development of a new standard of directional signs for State highways. As the administration closes there has been produced a simple and extremely legible design in black and white, with sizes of lettering varying for arterial highways, rural routes, and municipalities, and with directional arrows pointing right, left or straight ahead. The most important departure proposed is the location of these signs directly facing the traveler instead of parallel to the route of travel.

More than 159,500 illegal roadside advertising signs were removed by the Department.

### **Superintendents' Garages and Office Buildings**

Important economies were effected under this administration by substitution of a new and more permanent type of structure

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for use as superintendents' offices, workshops for repairs, and storage space for Department-owned equipment. Ten of these modern fire-proof buildings have been constructed since January 1, 1931, at substantially the same average cost per square foot as the sheet metal structures which the new buildings replaced. The new buildings provide the most modern facilities for ventilating, lighting and heating, affording a great improvement in working conditions and considerable reduction in cost of upkeep. Eight more of these buildings are under construction. Five additional sites have been purchased and negotiations are being completed for the purchase of three other sites for superintendents' garages and office buildings. Plans are completed for five proposed new buildings. Final action on the erection of these additional structures will be left for the new administration to determine. Major alterations and additions were made on five other buildings, and improvements on heating, lighting and sanitary conditions were completed on existing sheet metal buildings.

### **Equipment**

During this administration, every effort has been made to improve the standard of the road building equipment. Approximately 2,300 pieces of old and obsolete units that had become worn out and uneconomical to operate were disposed of. About half of these units were allocated to the Commonwealth by the Federal Government from surplus war material approximately fourteen years ago. Approximately 600 of these were motor trucks, and 133 tractors. In view of the advances made in this type of equipment, it was considered highly desirable to dispose of these old units and supplant them with modern equipment. This was done with the result that operating economies were effected and work was expedited.

At present the Department's inventory of major equipment, such as trucks, tractors, automobiles, rollers, and graders, totals over 7,700 units—roughly 2,400 more than at the beginning of 1931.

During this administration about 4,800 of these units were purchased at an expenditure of over \$4,000,000. The principal items purchased were 571 motor trucks, 96 tractors, 506 automobiles, 108 personnel buses, 98 road rollers, 476 power graders,

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319 drawn graders, 12 oil distributors, 8 power shovels, and 827 snow plows.

### **Testing and Research**

In order to be assured that materials used in construction comply with the specifications requirements, samples of the materials are tested at the Department's Testing Laboratory. The Federal Government requires that each state receiving Federal-aid maintain a suitably equipped materials organization to control the quality of the materials under specifications which have been approved by the Bureau of Public Roads. The Pennsylvania Department of Highways was fortunate in having one of the best equipped materials laboratories in the United States.

All materials used in maintenance and construction are tested at the laboratory, which is divided into four units, consisting of the Research Laboratory, Chemical Laboratory, Physical Laboratory, and the Sand and Cement Laboratory.

Materials used in construction and maintenance work of other departments of the Commonwealth are, in the majority of cases, tested at the Highway Materials Laboratory.

Material surveys for local materials were made, including stone, slag, gravel, sand, flint, shale, and incinerated culm (red dog). Over 3,600 sources were investigated and materials from 2,452 of these sources were found to be satisfactory for use as bases, and in some instances suitable for use in the construction of surface courses.

The policy of the Department with reference to new and untried materials and methods has been to investigate carefully all products prior to their general use. This policy saves the Department money, and guards against the use of materials or methods that may later prove to be worthless and have to be replaced.

### **Bureau of Safety**

A Bureau of Safety was organized at the beginning of the present administration to supervise and direct the various safety and safety-related functions of the Department. These include a safety and first-aid organization for reduction of ac-

cidents to Department employes, and for the compensation of injured workers; the development and control of warning and directional signs and safety devices on State highways; the recording and study of traffic accidents with a view to improvement of road conditions. A marked reduction in compensation costs has resulted from the decrease in injuries to workers.

### **Safety Organization**

The extension of the State highway system under this administration and the establishment of a policy of construction of low-cost roads with Department forces required a very great enlargement of highway laboring forces. Responsibility for protection of this working force from accidents impressed the need of systematic safety regulation. Under expert guidance, a safety organization was set up embracing supervisory personnel in each county. First-aid instruction, developed from a nucleus of one representative in each engineering district trained as an advance instructor, was extended until over 5,000 employes of the Department were qualified to administer first-aid.

Safety equipment was provided, including more than 100,000 pairs of approved goggles, sufficient to provide protection for every worker exposed to eye hazard, operators' platforms for use on chip spreaders, safety rails and canopy tops for use on trucks transporting workmen, and many other devices of tested value. Safety regulations were developed and strictly enforced. Periodic safety meetings and first-aid classes were conducted in all maintenance districts. Beginning with the present fiscal year the State Workmen's Insurance Fund, which heretofore had carried the compensation insurance of the Department on the same basis as that of private industry, agreed to apply a rate fixed solely upon the Department's accident experience. Owing to our safety activities our experience was so favorable that the Department's rate was reduced to \$2.28 per \$100 of pay roll, as compared to \$3.53 which was the average rate in the previous fiscal year. In contrast to this new rate the base rates of compensation insurance for general industry covering the various classes of work performed by the Department of Highways are, for example, \$6.75 for road construction, and \$7.60 for quarrying. On the basis of the pay roll of the Department for the fiscal year 1933-34, the reduced rate fixed for this year would produce a saving of \$284,000 in compensation insurance

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premium. The fact that this reduced rate was attained with labor largely comprising relief workers, mainly untrained for the tasks they have been performing and consequently much more prone to accident than a trained and stable force, makes this record more remarkable.

In cooperation with the Bureau of Highway Patrol and Safety of the Department of Revenue, records of traffic accidents involving physical conditions of the highways were assembled and analyzed, and special studies were made of locations with high accident frequency to facilitate correction of faulty conditions.

### **Highway Forestry Unit**

The bulk of the work of the Forestry Unit has been connected with maintenance activities, the ultimate goal being reduced maintenance costs and traffic hazards, in addition to beautifying the highways. The major activities consisting of planting of slopes to control washing and erosion; the removal of dead and dangerous trees; the securing of clear sight distances on the inside of curves; the establishment of permanent evergreen snow fences; the opening and maintenance of scenic views. A highway nursery is operating near Milton where a large part of the nursery stock is propagated for roadside planting.

The sum of \$193,298 was allocated from Federal funds for Federal roadside planting projects.

### **Publicity**

Dissemination of news and information concerning departmental activities through newspapers and periodicals included three department publications—the tourist map of Pennsylvania State highways, the detour bulletin, and a poster illustrating the new highway warning signs. The latter was introduced into all public school buildings and wherever else it might prove of educational value.

A new edition of the tourist map was published during 1934, which included, in addition to the main routes, important connections on the rural system.

The detour bulletin was published periodically during the construction seasons to inform the public of the detours in effect on the State highway system. The annual winter bulletin showed the snow removal program and detours in use during

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the winter months. The detour bulletin was mailed to some 7,000 garages, hotels, post offices, and other public establishments, where it was displayed for public reference.

Information relating to snow, ice and flood conditions affecting highways was assembled, and through the cooperation of the Department of State Police was made available throughout the State by means of police teletype reports.

An information desk for special service to tourists was maintained in the Guides' Room in the State Capitol.

### **County-aid Work**

In all cases where the counties extend aid to cities, boroughs and townships in the construction or maintenance of any public highway, other than State highways, State-aid highways, or county roads, Department approval of such aid is required under the law.

Plans and specifications for county-aid projects are approved by the Department, and all work is subject to the inspection and approval of the Department.

Since January 1, 1931, 1,669 county-aid applications have been submitted to and approved by the Department. The total estimated cost of the work was more than \$7,868,000, toward which the counties agreed to contribute \$4,223,000. The estimated expenditures included \$7,511,000 for 1,406 miles of roads, \$116,700 for culvert pipe installations, and \$240,700 for bridges.

### **Approval of Township Purchase Orders**

The law requires that all purchases made by township supervisors, for materials and equipment for the construction and maintenance of roads and bridges, in excess of a certain amount, must be approved by the Department. Prior to May 1, 1933, purchases in excess of \$100 had to be approved by the Department. This limit was raised to \$200 by the Second-class Township Code approved May 1, 1933.

During the period from January 1, 1931, to December 1, 1934, township contracts and purchase orders in an amount totaling \$4,121,194 were approved by the Department.

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### **Amount of Work Done During This Administration As Compared With Previous Four Years**

During the period from January 1, 1931, to December 6, 1934, 13,364 miles of highway construction, reconstruction and resurfacing were completed under the direct supervision of the Department, as compared with 4,028 miles, including 500 miles of major Township-reward work, during the previous four years, or an increase of 9,336 miles.

At the present time the Department is responsible, in whole or in part, for the maintenance of about 84,000 miles of roads, including 35,414 miles of State highways and State-aid roads, and 48,500 miles of second-class township roads.

During the previous four years the maximum number of miles for which the Department was responsible was 13,562, including 178 miles of State-aid roads off the system.

During this administration about 22,000 miles were added to the State highway system, whereas during the previous four years only 1,868 miles were added.

During the winter of 1933-34 the snow removal program included 11,839 miles on the old system. In addition, the most important routes on the rural system were cleared of snow.

During the previous administration the peak of the snow removal program was reached during the winter of 1930-31, when 9,685 miles were cleared of snow.

Since January 1, 1931, 1,028 miles of guard fence were erected, whereas during the previous four years 681 miles were placed.

At the end of the previous administration about 3,100 miles of the old system remained to be improved. Upon completion of the work now under way, there will remain only about 500 miles to be improved.

### **Reductions in Road Tax Levy Second-class Townships**

<i>Year</i>	<i>Amount of Tax Levy</i>	<i>Amount of Reduction</i>
1931 .....	\$13,526,174 <sup>1</sup>	.....
1932 .....	11,203,302 <sup>2</sup>	\$2,322,872
1933 .....	8,797,512 <sup>3</sup>	2,405,790
1934 .....	6,602,451 <sup>3</sup>	2,195,061
Total Reduction .....		\$6,923,723

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### **Accumulated Savings**

	<i>1932</i>	<i>1933</i>	<i>1934</i>	<i>Total</i>
1932 Tax Reduction	\$2,322,872	\$2,322,872	\$2,322,872	\$6,968,616
1933    "        "	.....	2,405,790	2,405,790	4,811,580
1934    "        "	.....	.....	2,195,061	2,195,061
<b>Total . . . . .</b>	<b>\$2,322,872</b>	<b>\$4,728,662</b>	<b>\$6,923,723</b>	<b>\$13,975,257</b>

<sup>1</sup> Pulaski, Rochester and White Townships, Beaver County, not included as these townships later became first-class townships. The 1931 tax levy for these three townships totaled \$24,240.14.

<sup>2</sup> Gray Township, Green County, not included as it became a second-class township in 1932. The 1932 tax levy for this township was \$2,653.93.

<sup>3</sup> Gray and Freeport Townships, Green County, and LaPlume Township, Lackawanna County, not included as these townships were established subsequent to 1931. The 1933 tax levy for these townships was \$4,526.26, and for 1934 the amount levied was \$4,343.68.

# **Department of Health**

**THEODORE B. APPEL, Secretary**

To the Governor:

Herewith is a report of the work of the Department of Health during your administration.

## **General Health Conditions**

In spite of unemployment and privation, general health conditions in Pennsylvania during the past four years have been unusually satisfactory, as shown by the following general death rates:

1931 — 11.5 per 1,000 population  
1932 — 11.1 per 1,000 population  
1933 — 10.7 per 1,000 population  
1934 — 11.0 per 1,000 population (January to August)

Death rates for the preceding four years were as follows:

1927 — 11.9 per 1,000 population  
1928 — 12.6 per 1,000 population  
1929 — 12.3 per 1,000 population  
1930 — 11.6 per 1,000 population

There has been marked improvement in the control of the communicable diseases, particularly typhoid fever and diphtheria. During the past four years, there have been reported 5,099 cases of typhoid fever, 15,000 cases of diphtheria, and 18 cases of smallpox. During the preceding four years, 5,822 cases of typhoid fever were reported, 32,513 cases of diphtheria, and 182 cases of smallpox. There have been no cases of smallpox in Pennsylvania during the past two years.

Through the Tuberculosis Clinic Division a plan has been developed in cooperation with local hospitals, whereby patients requiring artificial pneumothorax treatment may continue to receive such treatment after discharge from the sanatoria.

In the Genito-Urinary Division the free distribution to private practitioners of drugs for the treatment of indigent sufferers from venereal diseases has been expanded, and there has been a considerable increase of work due to the taking over

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of the control of venereal diseases in the CCC Camps. The number of Genito-Urinary clinics has been reduced from 68 to 56. In spite of this reduction the work has been extended with less expense.

### **Sanitary Engineering**

During the past four years, 25 new public water works serving 26,000 people and 14 new filter plants serving 400,000 people have been built; 49 existing filter plants serving 1,170,000 people have been improved. Eighty-one new chlorination plants have been installed and 34 existing plants improved, so that at the present time 600 chlorination plants safeguard the water supplies of over 2,500,000 people, an increase of over 1,000,000 as compared with the preceding four years. The supervision of these new services has thrown increased work upon the Department.

During the drought period, 18,000 inspections of private water supplies were made in 26 counties having a population of over 2,600,000.

The first public bathing place law in Pennsylvania became effective on September 1, 1931. One thousand bathing places are inspected and licensed yearly, this work being carried on without increase in personnel.

The chemical laboratory, with decreased personnel and no let down in accuracy, has made over 20,000 water analyses.

Beginning in 1931, Recreational Camp Approval Certificates were issued after inspection of each camp. This work has been done without increase in personnel and over 100 such camps in the Pocono region alone are now under control.

In connection with the Federal Recovery Administration, considerable propaganda was undertaken for the construction of municipal waterworks, sewers, and sewage treatment plants, and the Department has assisted in the preparation of applications to the Public Works Administration for State projects aggregating over \$10,000,000.

Under CWA, with five different setups, work in the sealing of abandoned coal mines has resulted in the complete sealing of 286 mines, 3,000 drifts, and 68,000 feet of crevices. This work was directed and supervised without additional personnel.

The last two towns in the 10,000 population class not having public sewer systems began the construction of such systems.

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Sanitary surveys were completed covering the important water courses of the State. Definite and substantial reduction has been made in industrial stream pollution, and the control of tannery, pulp and paper, oil refinery, and coke oven wastes has been very definitely improved.

The salinity survey of the Delaware River has been practically completed. A formal report will be presented before January 1st giving definite data regarding existing extreme advances of salt water and the possible effects that might occur in case of consummation of the proposed plan of diversion of upper Delaware River water to New York City for its water supply. The report will also cover the effect of the proposed New Jersey Ship Canal. It does not now appear that either will harm Pennsylvania's public and private water supplies derived from the tidal Delaware.

### **Public Health Nurses**

In spite of decreased personnel this work has been improved in quality and broadened in scope materially in the last four years.

A major activity resulting from the depression involved the control of the distribution of milk to indigent children from early in 1932 to September, 1933, made possible first through donations from private sources and later from funds of the State Emergency Relief Board. Over 1,000,000 quarts of milk were distributed weekly. This work was done entirely under the control of our nurses, without increase in personnel and without additional expense to the State.

Extra nursing service was required in Beaver County in two small outbreaks of typhoid fever and in September, 1934, the development of 24 cases of the same disease at Avella, which was without hospital facilities, necessitated the erection of a tent emergency hospital. Nine nurses were assigned to duty in this outbreak and the entire settlement was cleaned up. The hospital was in operation from September 17th to October 19th. The only additional expense to the State involved supplies. Tents were secured from the Department of Military Affairs and the beds were taken from storage at the Cresson State Sanatorium.

On June 1, 1933, the field orthopedic work was transferred to this Department from the Department of Welfare. One nurse

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in each county is detailed for this work and the entire State is thus covered. In order to improve the orthopedic nursing service, 79 State Nurses have been sent to the State Hospital for Crippled Children for a short period of special training.

Other nurses have been given special training at Wills Eye and Ear Hospital, Pittsburgh, in the care and treatment of ophthalmia neonatorum. In addition, institutes on child health, nutrition, and sight conservation are conducted throughout the State for the better professional equipment of the nurses.

The depression has added materially to this work, through larger enrollments in all of our clinics and increased demands for the various types of social service which the nursing service is called upon to perform.

### **School Medical Examinations and Child Health**

The School Division of the Bureau of Health Law Enforcement, in spite of a decreased budget, has increased its efficiency by arranging for the examination of all first grade children in the fourth class school districts not covered in the summer round-up. The plan has been worked out in cooperation with the Department of Public Instruction, the children being concentrated at given points and examined by school medical examiners drawn from the surrounding districts. This arrangement provides for the examination of more children at less expense to the State.

A new Growth Chart classifying normal and underweight children was prepared recently in consultation with the Department of Public Instruction and is in use. This chart not only facilitates the work but adds to the accuracy of the results.

Partial reports from school medical examiners indicate a very definite reduction in malnutrition among children. This probably results from better feeding of poor children, and the work of Dr. Harold Miller of the Medical Care Section of the State Emergency Relief Board, and the Emergency Child Health Committees under the direction of Dr. Samuel McClintock Hamill.

Outstanding work in the Pre-school Division includes careful studies by examination and re-examination into the effect on children on relief of the commissary system of feedings; the establishment of more Well Baby Clinics than ever before; the

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holding of more child health conferences; the development of kindergarten health supervision in the fourth class school districts; and extension of the efficient work in the supervision of midwives to 11 additional counties, with the maintenance of the remarkably low maternal mortality rate in midwife practice; pushing of the Summer Round-up of pre-school children so that defects may be corrected before the opening of school; and the examination of more than 26,000 children in 20 counties in the summer health car campaigns during three years as compared with the examination of 21,000 children in the preceding four years.

Also in connection with the School Division, is the arrangement for special examinations in the higher grades to determine the effect of participation in athletics upon growing school children.

### **Related Activities**

An important activity resulting from the depression, has been the giving of advice and supervision in the selection and approval of sites, and in the construction and sanitary control of Highway Labor Camps, 104 CCC Camps, Transient Camps, Relief Shelters, and the construction camps at Pymatuning Dam.

In connection with the National Guard encampments at Mount Gretna, complete sanitary supervision has been maintained, while at Indiantown Gap plans and specifications were prepared and supervision maintained over the construction and operation of the waterworks, water filtration unit, and sewage treatment plants.

### **Laboratories**

In the division of laboratories there has been a definite and steady increase in the work accomplished. The staff is well trained and has been able, even with reduced personnel, to render prompt and efficient service, although it has been necessary to discontinue all extensive individual research. During the four years, over 525,000 specimens were examined—an increase over the preceding four years of more than 100,000. By way of comparison it may be stated that the Pennsylvania Department of Health Laboratory, with a staff of 40 persons, during the past year examined 150,000 specimens involving approximately 250,000 tests, whereas New York, with laboratory

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staff of approximately 300 persons, shows a total number of tests only a few thousand higher than that of Pennsylvania.

A new and perfected motorized field laboratory was put into service in 1931 and has been of great value in epidemiological investigations throughout the State.

### **Biological Supplies**

In the distribution of biological products, there has been a marked increase particularly during the last year, brought about to a great extent by our cooperation with the Medical Care Section of the State Emergency Relief Board and with the Emergency Child Health Committee. During the last year, the distribution of biological products for the control of diphtheria increased 50%; for typhoid and smallpox, 30%. During the four years over 100,000 packages of diphtheria antitoxin have been distributed and used, and approximately 55,000 packages of tetanus antitoxin. During this period, 604,380 children were immunized against diphtheria as compared with 400,000 in the preceding four years, and there has been a similar increase in the number of persons vaccinated against smallpox.

As a result of the depression and consequent lack of funds, we have been called upon to furnish curative doses of tetanus antitoxin at an approximate rate of 1,000 doses per month. This new activity is producing very satisfactory results.

### **Restaurant Hygiene**

Restaurant hygiene work has been pushed throughout the four years, additional work being brought about through the inspection of community markets, transient shelters, and emergency feeding stations. The repeal of prohibition has increased greatly the number of public eating and drinking places under the control of the Restaurant Hygiene Act.

### **Drug Control**

Outstanding work has been done in the control of narcotics. With the passage of the "marihuana amendment" to the Pennsylvania Anti-Narcotic Act, an intensive and successful campaign has been waged resulting in the breaking up of at least two rings engaged in this traffic.

In cooperation with State and local police a criminal identification system has been established and reciprocal arrangements

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have been made with all States and Canada for the supplying of information concerning narcotic violators and assistance in apprehending fugitives.

The work of this division during the four year period has been double that of any preceding four years and has been carried on without additional personnel.

### **Milk Sanitation**

The Bureau of Milk Sanitation in the past four years has developed an effective organization for the administration of the Milk Code; standardized the inspections necessary for issuance of permits of different types; and developed a system for the control and standardization of laboratories for the analysis of milk to be sold as Grade A Raw and Grade A Pasteurized. Fifty of these laboratories for such analyses have been approved up to the present time. All milk for free distribution to the indigent has been certified by this Bureau. The past four years of supervision of the public milk supplies has resulted in marked improvement in sanitary conditions in dairy farms and milk treatment plants. Incidentally, Pennsylvania is the only state in the Union that has attempted state-wide supervision of milk.

### **Tuberculosis Sanatoria**

Work in the three State Sanatoria for the treatment of the tuberculous is better systematized than at any previous time. Bronchoscopy is used to a greater extent than ever before, and arrangements have been made for the care of patients needing surgical interference. X-ray plants have been replaced or renovated; new hospital units have been added; and the four year record shows a gratifying decrease in the case rate mortality, indicating that patients seek treatment earlier and consequently it is possible to do more for them at the Sanatoria.

### **Hospital for Crippled Children**

At the Hospital for Crippled Children the work continues to be of a high standard. Improvements in technique have been instituted and follow-up clinics are regularly held in sections of the State not covered by cooperative clinics. A new dormitory for nurses was erected increasing the capacity of the Hos-

pital by about 40 patients. The waiting list is still as large as it was two years ago.

### **Treatment of Infantile Paralysis**

During the past year arrangements were made at Mont Alto and Cresson sanatoria for the treatment of recent cases of infantile paralysis by the water gymnastic treatment. The work has now been concentrated at Mont Alto and arrangements made to handle 45 patients. Trained physiotherapists were secured and the results obtained have been gratifying beyond expectations. The work of remodeling the existing pools was done with our own labor and at practically no expense to the State.

### **Physical Condition of Institutions**

New construction at the institutions has been as follows:

Mont Alto Sanatorium—Erection and opening of four modern, fire proof, hospital type dormitories, each with a capacity of 50 patients.

Cresson Sanatorium—Erection and opening of a new Children's Hospital with a capacity of 150 patients.

Hamburg Sanatorium—Erection and opening of two modern, fire proof, hospital type dormitories, each with a capacity of 50 patients.

Hospital for Crippled Children—Erection and opening of a dormitory for nurses and women employees, increasing the capacity for patients by 40.

The institutions have been generally renovated and repaired and the grounds improved; with the aid of money made available through the work relief programs of the Federal Government.

# **Emergency Child Health Committee**

**SAMUEL McC. HAMILL, Chairman**

To the Governor:

Herewith is a brief report of the work of the Pennsylvania Emergency Child Health Committee.

For the past few years our country has been experiencing another disaster more threatening in its effect on the health, welfare and morale of our people than was the World War. It is a much less spectacular crisis. It has been slower and more subtle in its growth, it lacks the marching of troops, the beating of drums and the heartrending separation of families that are a part of war. It is therefore much more difficult for us to visualize its threats and its effects.

## **Extent of Problem**

There are over 300,000 families on relief in Pennsylvania, and in these families there are more than 700,000 children. But that is not all of the picture. There are unknown thousands whose opportunity to earn has been reduced to a point that brings them to the borderline of relief. It is constantly reported to us from different sections of the State that these groups are suffering more than those on relief because they have no one to guide them in the intelligent use of their limited budgets, or in the protection of the health and welfare of their children.

With very definite concern for the welfare of Pennsylvania's children, Governor Pinchot called, in February, 1933, a conference of representative people from all parts of Pennsylvania to report to him the status of the nutrition of children. The evidence submitted was so significant that it was manifestly imperative that steps be taken immediately to create an agency whose primary function should be to protect the health of the vast number of children in the families on relief.

It was true that vital statistics indicated that the adult and infant death rates had not increased. Unfortunately, death rates are not an index of the amount of sickness and we have no sickness statistics.

Even if we had, they would not include the types of departure from normal health, such as malnutrition, moderate degrees of ill health, etc., that it was necessary to correct and prevent; they

## *Appendix—Emergency Child Health Committee*

would not have revealed the innumerable defects that children suffer from; nor would they have recorded the woeful lack of application of well-established preventive measures.

Even had the February conference failed to show that children were suffering, the creation of an emergency committee would none the less have been justified. It was inevitable that any depression as serious and prolonged as that we are experiencing must reflect itself in a lowering of the health and vitality of children. After all, it is the ultimate effects—those which will manifest themselves in the years to come—that we fear most.

### **Organization of Committees**

It was in the hope of erecting a safeguard against such stunting of growth among Pennsylvania's children that the President, President-elect and Secretary of the Medical Society of the State of Pennsylvania and representatives of the Departments of Health and Welfare, together with a few interested individuals, met with Governor Pinchot to discuss the procedure to be followed in organizing a committee to protect the health of children in the present crisis.

Since we were to deal with a health problem it was manifest that the project should be administered under the auspices of the medical society of the state, cooperating with the state government, its Departments of Health, Public Instruction, and Welfare, and the State Emergency Relief Board. The organization adopted called for a state committee to be known as the Pennsylvania Emergency Child Health Committee, the membership of which was to be chosen by the state medical society and to consist of representatives from every state-wide agency interested directly or indirectly in the health and welfare of children, together with outstanding laymen. This Committee was to be presided over by a member of the state medical society, selected by the society. It also provided for county units with the same type of personnel, to be selected by the county medical societies and administered under their auspices. All of these committees were to serve on a volunteer basis.

Here again the citizens of Pennsylvania were given opportunity to render a very essential service in the midst of a great calamity, and here again they have responded splendidly, not with the same rapidity as in the beginning of our entrance into

## *Appendix—Emergency Child Health Committee*

the World War, because it was not as easy to grasp the picture, but none the less with equal enthusiasm. That the medical profession would serve the suffering poor we knew full well. They have never faltered in time of need. But the support that has come to the aid of the profession in the solution of this health problem from every agency and every individual whose assistance we have sought, has been a splendid stimulus to those of us whose duty calls us to service when the health of our citizens is endangered.

To create effective organizations in the sixty-seven counties of Pennsylvania was no easy task. To have done it through correspondence would have been impossible. It necessitated direct interviews with every one of the sixty county medical societies in the state, and with representatives of the state medical society in the other seven counties.

We were most fortunate in securing at the very beginning of our work the full time voluntary services of a medical man, highly trained in public health and of broad experience in many fields, to undertake this aspect of our program. He has visited every county on many occasions and as the result of his unselfish and effective efforts we have fifty-six of the sixty-seven counties actively at work.

It was early manifest that the lay groups in these county committees desired assistance and guidance in the organization of their part of the work. Here again we were most fortunate in obtaining the voluntary services of an ideal woman broadly trained in the use of volunteers and the organization of volunteer work. She has been invited to visit twenty-eight counties where, always acting under the guidance of the chairman of the county committee, she has rendered invaluable service in coordinating the work and in clarifying the many problems that naturally arise in the development of any new and unfamiliar project.

### **Health Examinations**

The work of the physicians involves complete health examinations of children in the families on relief and the borderline, between the ages of birth and sixteen years. The names and locations of the children are provided by the County Emergency Relief Boards. After these examinations are completed the physician gives dietetic and hygienic advice to the mother in

## *Appendix—Emergency Child Health Committee*

respect to her children and, in the event of any special findings such as serious malnutrition, badly diseased tonsils, dental caries, etc., recommends the proper procedure to follow.

These recommendations are then submitted to the chairman of the committee who delegates to the proper group or individual the accomplishment of the service required. This includes referral to hospitals for tonsillectomies or other operations (for which the chairman usually makes the arrangements), to dentists for the corrective work they have so generously given, to the County Relief Boards for cod liver oil or extra food, and to the home economists for food demonstrations to mothers.

To retain the family doctor-family relationship, which has been found to have a very decided value in supporting the morale of the mothers, the children are referred for examination to the physician who was formerly in attendance on the family. Where children are found to be suffering from acute or chronic illnesses which require medical attention they immediately are placed in the care of the family physician as medical relief cases.

### **Correction**

In referring cases for correction, if it is found that the child has been under the supervision of any agency in the county, that child is referred to that agency for whatever service he requires. The nature of our organization, which brings into the membership of the committee every agency within the county having to do with children, makes cooperative effort of this character relatively simple. Not only does it accomplish this, but the bringing together of these groups makes possible a closer coordination of their work, a better understanding of their purposes and functions, and the elimination of duplication. It also aids in locating the areas within the county which are not reached by any existing agency.

To put through such an extensive program requires the services of a large group of volunteers. To lighten the burden of the physician, two volunteers are assigned to each physician during his examining hours, to weigh and measure the children, take the histories, record his findings and transfer the recommendations to the chairman of the committee. For this particular work we have often been very fortunate in securing the services of unemployed nurses who have given most liberally of their time and effort.

## *Appendix—Emergency Child Health Committee*

We have given our lay volunteers short courses of intensive training to fit them for assisting physicians at the time of examinations, helping with food demonstrations, visiting in the homes and various other activities.

### **Women's Organizations**

The work could not have been put across without the devoted service of the women of Pennsylvania. The State Federation of Pennsylvania Women, the Congress of Parents and Teachers, the Pennsylvania Nurses Association, and the Pennsylvania Home Economics Association have officially endorsed our work and offered their services. Locally they have interested themselves in the active work of the committees and have been of the utmost value in raising funds for defraying the expenses of the county committees by the various methods which women alone know how to utilize.

The men's service clubs, who have always shown themselves interested in everything pertaining to the health and welfare of children, have also rendered splendid service.

In dealing with governments and governmental agencies one sometimes feels that cooperation is difficult to secure. This has not been our experience. On behalf of the Medical Society of the State of Pennsylvania and the Child Health Committee, I wish to express to Governor Pinchot, the State Emergency Relief Board, the Director of Relief and his staff, as well as to the Departments of Health, Public Instruction, and Welfare, our deep appreciation of the whole-souled and unselfish cooperation and assistance they have given.

### **Details of the Work**

More than three thousand physicians are participating in the work of the committees. It is their skill and devotion which is protecting the future generations of Pennsylvanians. They have reported to us the making of some 73,000 examinations. They find about 30% of these children suffering from malnutrition, this figure varying greatly in different districts of the State and in different sections of individual counties, sometimes running as high as 50%.

Forty-three per cent of the children have been shown to have dental caries. This is, of course, a conservative figure because it

## *Appendix—Emergency Child Health Committee*

includes the examination of many infants. The fact that we have secured correction in 28% of these children is a great tribute to the dental profession, inasmuch as this service to 7,762 children requires not only the expenditure of time, but the use of valuable materials.

Thirty-five per cent of the children show tonsils so definitely diseased as to require removal at the earliest possible moment. These corrections are being rapidly accomplished, 11.6% already having been operated upon through the generosity of the operating physicians, the hospitals and those who have donated money for the hospital days .

Almost 6% of the children examined have been found to have gross eye defects and glasses have been provided for 653, or 19% of these.

We have been very much disturbed by the tremendous number of children who have failed to receive protection against small-pox and diphtheria. This is especially true of the children of the pre-school group, the age group which is most susceptible to these devastating diseases. In some districts the percentage of children not immunized against diphtheria is as high as 99, although the average for the entire group examined is 65%. All of the county committees are engaged in immunizing these children. Several counties have put on intensive campaigns for the immunization of *all* children under ten years of age. Up to the present time 21.5% have been immunized against diphtheria.

There is no coercion in the project we are engaged upon. We are merely offering a service. To our great delight we find that it is gladly accepted, particularly because it re-establishes the relationship between the family and the family physician, a guarantee to parents of the protection of the health of their children.

# **State Police**

**LYNN G. ADAMS, Superintendent**

To the Governor:

Herewith is a report of the work of the Pennsylvania State Police during your Administration.

The personnel during the administration averaged 400 officers and enlisted men. Special attention has been given as heretofore to the selection and training of personnel. No man has been assigned to police duty unless he has satisfactorily completed a six months' course in mental and physical preparation at the training school. The training course has been continued also, through the medium of Troop Schools, after transfer of a trooper to his regular assignment, thus coordinating training with experience. The training gives the policemen not only a better physical and mental aptitude for their work, but also equips them to function better as officers and to cope successfully with unusual police situations.

The addition of experts and scientific instruments to the criminal investigation force has accomplished much to determine not only the manner in which crimes were committed, but also to determine who committed such crimes. The various district attorneys endorse and highly commend this branch of the State Police service.

## **Four Difficult Years**

The past four years have been the most arduous in the history of the Pennsylvania State Police. Factors such as industrial disturbances, business depression, general unrest, marching of the unemployed, and the crime situation, have made excessive demands upon the organization. During the administration the requests for assistance have increased ninety percent—total requests, 238,045. These resulted in 136,503 investigations, or an increase of twenty-nine percent over the previous four years, and in 52,038 arrests—an increase of eleven percent. The number of arrests involving larceny, burglary, and robbery has increased forty-five percent, reaching a total of 16,912 in this grade of crime. The duty performed for other State Departments and Commissions has been equivalent to seventeen men for each working day per year.

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Fines amounting to \$1,151,275 have been imposed by the courts in connection with arrests. Stolen property to the amount of \$637,144 has been recovered. These two items represent sixty percent of the cost of salaries for the force for four years. The real value of results achieved through successful investigation work, the apprehension of criminals, the impartial protection afforded to the citizens of the Commonwealth, and the psychological influence exerted on potential criminals cannot be estimated in monetary value.

Industrial conditions have been subnormal. Violent strikes have occurred at mines, factories and mills. At various times more than one-half of the Force was on duty in connection with these disturbances. The State Police performed their duty impartially, and of course, strictly in accordance with existing laws governing the rights of citizens and protection of property. This continuous duty necessitated a special additional appropriation of \$93,000. The administration inaugurated an economy campaign which was rigidly carried out, resulting in marked savings in the several appropriations. Deficits were avoided.

### **Teletype System**

The Teletype System has expanded in scope and usefulness, now reaching 169 police stations throughout Pennsylvania through 114 receivers and use of duplicating paper, and also connects with the network of New Jersey, New York, Delaware and Ohio teletype systems. Facilities are also provided for transmission of messages through the States of Massachusetts and Connecticut. This additional service was provided with no increase in appropriation. The system has greatly increased police cooperation and efficiency and has resulted in the apprehension of many criminals by placing timely information in the hands of the police authorities. The number of messages transmitted in 1931 totaled 27,735 and in 1934 totaled 64,379.

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**Statistics**

	<i>1927-1930</i>	<i>1931-1934</i>
Average Personnel, State Police		
Force .....	359	400
Requests .....	125,784	238,045
Investigations .....	105,496	136,503
Arrests .....	46,782	52,038
Fines Imposed .....	\$1,619,975.44	\$1,151,275.00
Stolen Property Recovered .....	939,572.35	637,144.00
More Important Arrests:		
Arson .....	553	751
Larceny, burglary, etc. ....	9,287	15,413
Murder, manslaughter .....	648	589
Robbery .....	911	1,499
Rape .....	362	371
Miscellaneous .....	35,021	33,445
	46,782	52,038

# **Department of Labor and Industry**

**CHARLOTTE E. CARR, Secretary**

To the Governor:

Herewith is a report of the work of the Department of Labor and Industry for your administration.

The Department is operating at present with 424 employes paid from State funds compared with 479 at the beginning of the administration. The annual payroll is now \$814,614 compared with \$959,118 in 1931—an annual reduction of \$144,504.

The State Workmen's Insurance Fund is operating with 71 fewer employes. There were 319 employes in 1931. Now there are 248 employes. The annual payroll has been reduced from \$523,749 to \$368,692.

## **Unemployment Statistics**

One of the first and biggest problems the depression presented to Pennsylvania and the nation was that of determining the extent of the increasing unemployment. Because of the vital need for this information, the collection of employment and payroll data from industry was extended so that in cooperation with the Federal Reserve Bank of Philadelphia and the U. S. Bureau of Labor Statistics, the number of firms voluntarily reporting monthly data on employment and payrolls in Pennsylvania was increased from 1,000 to nearly 9,000. With this up-to-date information from firms which in normal times employ approximately one-third of the State's industrial population, it was possible for the accounting and statistical organization of the Department to estimate the extent of State-wide unemployment. Prior to the establishment of the State Emergency Relief Board these statistics were the chief source of information for the State Government. The Legislature used them as the basis for distributing the first and second relief appropriations among the counties.

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The following table shows the trend of unemployment in the State during the last three years:

Month	1932		1933		1934	
	Estimated number totally unemployed	Per cent of working population	Estimated number totally unemployed	Per cent of working population	Estimated number totally unemployed	Per cent of working population
January .....	1,017,730	27.3	1,309,850	35.2	1,028,563	27.6
February .....	1,013,642	27.2	1,321,842	35.5	980,467	26.3
March .....	1,059,793	28.5	1,379,351	37.1	890,505	23.9
April .....	1,072,937	28.8	1,346,549	36.2	906,832	24.4
May .....	1,144,627	30.7	1,314,835	35.3	873,269	23.5
June .....	1,191,331	32.0	1,259,987	33.8	878,479	23.6
July .....	1,281,562	34.4	1,147,179	30.8	935,649	25.1
August .....	1,291,167	34.7	1,037,606	27.9	962,029	25.8
September .....	1,234,836	33.2	909,363	24.4	968,260	26.0
October .....	1,138,966	30.6	906,787	24.4	915,080	24.6
November .....	1,152,209	31.0	893,337	24.0	.....	...
December .....	1,160,354	31.2	867,022	23.3	.....	...
Average for year	1,146,596	30.8	1,141,143	30.7	933,913 <sup>1</sup>	25.1 <sup>1</sup>

<sup>1</sup>Ten months' average.

Beyond the new field of estimating unemployment the Department extended its normal statistical work in other directions. It was one of the first agencies in the country to reveal that industrial accidents were not decreasing in proportion to the decline in unemployment; that, consequently, inspection activity and general safety work would have to be emphasized to prevent serious retrogressions from normal standards of health and safety in industry.

One of the accomplishments of the period was the perfecting of a system of compiling monthly accident statistics for individual industrial establishments in the State. The objective was to obtain a guide for inspection work which would permit concentration of inspection activities on those plants having high accident frequencies. The development of this plan proved particularly important during the depression years when appropriations had been reduced and the travel of inspectors restricted. Aided by this monthly compilation of accident statistics for nearly 29,000 industrial establishments, the Department was

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able to single out those plants where accidents were most frequent and where visits of inspectors and enforcement of safety regulations were most needed.

Statistics covering compensation administration proved of great assistance to the several committees which, during 1933-1934, conducted thorough investigations into the administration and strengthening of the Pennsylvania Workmen's Compensation Law. Many of the committee recommendations have been based upon these.

Greater efficiency and economy in administration resulted from a consolidation of the activities formerly carried on by the accounting, executive, and statistical bureaus of the Department. The three functions were merged into one bureau designated the Bureau of Accounts and Statistics.

### **Re-employment**

The pressure placed upon the Department's job-finding functions necessitated bringing the State employment system up to new standards of efficiency, and extending its contacts with employers. The resulting reorganization, begun in 1931, proved of incalculable value to the unemployed, the Commonwealth, and the Federal Government when State-Federal work relief projects were launched on short notice two years later. Without the foundation laid during 1931-1932, it is doubtful whether the State Employment Offices could have handled the emergency load dumped upon them by that program. With machinery geared to place 30,000 to 50,000 persons a year, it would have been physically impossible to place 288,000 men and women during the first eleven months of 1934 as was done.

### **Activities of Public Employment Offices**

<i>Year</i>	<i>Registrations</i>	<i>Placements</i>
1927 .....	134,181	50,411
1928 .....	106,870	36,132
1929 .....	108,512	41,997
1930 .....	116,248	30,773
1931 .....	137,038	30,993
1932 .....	302,835	41,054
1933 .....	457,737*	124,838 <sup>1</sup>
1934 (11 months) .....	568,951	288,773 <sup>1</sup>

\* Includes 141,991 relief cases referred by State Emergency Relief Board in December, 1933.

<sup>1</sup> Include placements on public works projects.

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To make it physically possible for the Bureau to tackle this work in the concentrated centers of population, the CWA and the State Emergency Relief Board provided money for additional personnel. From December 1, 1933, to August 20, 1934, \$332,639 was allocated from these sources for salaries. This enabled the State system to add 479 employees to augment its normal force of 84.

The widespread publicity given to the CWA venture brought hundreds of thousands of persons storming the State Employment Offices during the first several days. The work of placing hundreds of workers continued steadily at every office until the immense job was completed.

In the wake of the CWA came the Federal Relief Works Division program on April 1, 1934. During the next four months, 164,863 relief workers were registered and 108,426 were given employment.

Coincident with the reorganization of all offices, the specialized development of the Philadelphia office was begun. There the Commonwealth combined with private enterprise to establish the Philadelphia Experimental Office. The office was set up and operated under the direction of the State Employment Commission which was created by the Legislature in the spring of 1931.

While fulfilling the normal requirements of an employment office—that of finding jobs for persons who needed them—the Philadelphia office made important contributions to the entire State service during the succeeding 16 months. It completed studies and analyses and drafted manuals which will be of great value for many years to come. It became a training school in which many members of the present staffs of other State employment offices were trained in the fundamentals of fitting the right worker to the right job.

The State Employment Service seems to be firmly established in a way in which it can serve Pennsylvania labor and industry to a degree never before possible. Beyond its present functions it stands as the foundation upon which the Commonwealth eventually may build a system of unemployment insurance. In any unemployment insurance program a system of competent, well conducted, nonpolitical state employment offices is essential. With this in mind, the Department of Labor and Industry has worked toward higher and higher standards of service in the

## *Appendix—Labor and Industry*

Employment Offices and the Governor has put all employes in the service under a merit system.

### **Mediation**

The depression has condensed in the last four years all the major trends in labor's traditional struggle for the recognition and standards it seeks. This was attended by strikes in Pennsylvania to an extent unprecedented in the history of the Commonwealth. The trend of strikes as reported to the Bureau during the last five years is shown in the following table:

Year	Disputes Reported		Disputes Closed	
	Number	Persons involved	Number	Persons involved
**1927 .....	87	19,466	79	18,491
*1928 .....	70	5,097	54	4,461
1929 .....	158	23,169	131	21,623
1930 .....	110	29,921	88	26,179
1931 .....	159	59,198	139	53,221
1932 .....	179	37,703	140	32,601
1933 .....	629	370,384	329	209,059
1934 (11 months)	314	136,391	224	113,859

\*\* Does not include general strike in bituminous industry, involving about 100 operators and 100,000 miners.

\* Does not include bituminous coal industry.

It is pointed out that in 1933 when strikes were more than the total of the preceding four years the Bureau of Mediation was temporarily abolished by action of the General Assembly. The effect of this curtailment of the mediation service is reflected in the lower percentage of strikes closed by the intervention of State mediators. In the three years preceding 1931, 82 per cent of all strikes reported were closed, whereas in 1933, only 52 per cent of the reported strikes were settled within the year.

The addition of wage-claim-collection to the other functions of the Department was a partial answer to another of the many new problems brought by the depression—the failure of some employers to pay even the low wages which were general during the period. There were thousands of cases in which em-

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ployees appealed to the Department of Labor and Industry to do something about employers who deliberately refused to pay wages due. Lacking a law which specifically covered this problem, the Department proceeded to do what it could under an act which requires that "each person, firm or corporation employing any person other than at an annual salary, shall pay to such person his or her earnings or wages semimonthly." (1913, P. L. 114)

### **Women and Children**

Nowhere did the breakdown of industrial standards in the depression strike so swiftly and so disastrously as on the earnings and hours of work of women and child wage earners.

The studies of hours and earnings, particularly in the important women-employing textile industries covering over 600 establishments and nearly 100,000 workers, revealed almost unbelievable depths to which labor standards had fallen. The continued employment of 14 and 15 year old children for a mere pittance at a time when more than one-third of the adult working population of the State was unemployed, and the review of payrolls which showed women working fifty and fifty-four hours a week for \$1, \$2, and \$3 provided concrete evidence of the disheartening results of the depression on the labor standards of women and children, and at the same time presented an incontrovertible argument for the enactment of state legislation setting minimum wage standards, eliminating child labor, and establishing shorter hours of work. The sweatshop inquiries and the Department's reports upon child labor served as deciding factors in the final ratification of the Federal Child Labor amendment by the Legislature in the special session of 1933.

The Department has contributed to the maintenance of the higher standards set by the National Recovery program. It has cooperated with the State Emergency Relief Board in seeing to it that State orders were given to plants which maintained decent standards of wages and working conditions for its employes. Since the State Emergency Relief Board has been purchasing supplies for relief distribution, the Department has investigated and reported to the Board regarding the employment conditions in more than 200 plants to which consideration for State orders has been given.

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The Department has also assisted in a very material way in the maintenance of NRA standards in Pennsylvania through the issuance of certificates of wage exemption for handicapped workers. The investigation and individual consideration of each case has served not only to adjust the employment difficulties of such workers but also as an important educational force towards the maintenance of code standards.

### **Inspection**

As the depression increased in severity it was natural to assume that the number of operating factories was decreasing and that consequently there was less need for inspections and inspectors. The Legislature's inclination toward this view was undoubtedly an important factor in influencing the reduction in the Department's appropriations. The Department's experience has proven this assumption wrong. What actually did happen was that a great majority of plants operating in 1929 and 1930 continued to operate through the succeeding years on a materially different schedule. A survey in 1932 showed that only five per cent of Pennsylvania's factories actually had closed. The other 95 per cent continued to operate, some with reduced forces and some with half force on alternate weeks or alternate half weeks. In many instances, plant safety activities were either greatly curtailed or dropped completely. The effect of this on the workers' safety can be easily imagined. Overtime work with attendant strain and fatigue, spasmodic work with equipment not maintained at safe operating standards, rotation of work which brought men to jobs and machines with which they were not thoroughly familiar, all involved new accident hazards and accidents became relatively more frequent.

The inspection staff was also called upon to pursue many new activities including special investigations of the operation of sweatshops, the temporary responsibility for the investigation of NRA code violations, and the responsibility for safety activities in connection with the CWA program and subsequent work relief projects.

Despite a drastic reduction in budget with consequent decrease in the number of inspectors there was no appreciable re-

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duction in the annual number of inspections made in the last 4½ years as the following table will show:

<i>Year</i>	<i>Expenditures</i>	<i>Number of Inspections</i>	<i>Number of Inspectors</i>
1927 .....	\$385,051.53	62,469	63
1928 .....		76,626	71
1929 .....	457,056.95	111,179	72
1930 .....		67,535	71
1931 .....	430,289.70	63,606	78
1932 .....	394,425.17	74,937	78
1933 .....	327,739.34	65,341	64
1934 (6 months)	165,290.82	30,487	65

Conditions of employment arising from the depression made increased prosecutions for violations of laws, particularly the Child Labor Law and the Women's Law, unavoidable. Prosecutions under the Women's Law reached their peak in 1933 when 481 were instituted. Child Labor Law prosecutions were highest in 1930. The following table shows the trend of prosecutions for violations of the Child Labor Law, Women's Law, and all factory laws during the last 7½ years.

<i>Year</i>	<i>Child Labor Law</i>	<i>Women's Law</i>	<i>All Factory Laws</i>
1927 .....	73	54	215
1928 .....	54	82	262
1929 .....	87	159	355
1930 .....	119	192	400
1931 .....	98	263	521
1932 .....	78	271	898
1933 .....	82	481	954
1934 (6 mos.) .....	19	116	235

Notwithstanding the tendency toward paring of maintenance costs and resistance to new equipment expenditures during the depression, definite progress has been made in the assurance of safety to the general public under the Fire and Panic Act which is primarily concerned with means of egress, emergency lighting,

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and fire-alarm systems in schools, hospitals, theatres, and other places of public assembly. More than 600 schools have been equipped with necessary equipment and hospitals have provided emergency lighting systems in their operating rooms. The application of the provisions of the Fire and Panic Act to State-owned buildings and institutions has been a matter of particular concern. Adequate safety facilities have been provided in 782 instances.

### **Industrial Standards**

Changes in manufacturing processes spurred by necessary reduction in production costs brought into industry new toxic conditions highly hazardous to the health of employes. To meet these new conditions, a laboratory has been set up in the Bureau of Industrial Standards to determine the toxicity of industrial dusts, gases, and fumes. Chemists and chemical engineers were employed. In addition, a commission of experts was appointed to study occupational diseases in Pennsylvania industries. The report of this commission was of such an outstanding nature that its work was continued through the help of the United States Public Health Service with the result that a special report on silicosis will be published within the next few weeks. A preliminary report on the prevalence of asbestosis in asbestos fabricating plants has already been published and will be followed from time to time by similar publications giving findings resulting from such investigations.

### **Rehabilitation**

The depression has intensified the exacting task of restoring men and women disabled by injury, disease, and congenital causes to self-supporting positions in industry. The provision of artificial appliances and retraining was limited only by the amount of appropriation available, but the completion of the task of rehabilitation, namely, the placing of a handicapped person in a self-supporting job, was made extremely difficult by the rapidly increasing spread of unemployment.

The registered case load increased from 882 in January, 1925, to 1,776 in January, 1931, and amounted to 4,223 in January 1934. Various factors influenced this gain. Industrial accidents did not decrease in proportion to employment. There was an increase in the number of persons disabled in public

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accidents. Men and women who under normal conditions might have been able to obtain for themselves needed appliances and training were without funds. In attempting to deal with this enormous increase of disabled cases and despite the reductions in the total appropriations the Department arranged its budget so that funds available for rehabilitation were greater than ever before. The expenditures for rehabilitation from State funds which are matched in nearly all items by Federal appropriations to the State for rehabilitation work for the last five years are shown in the following table:

Year	Expenditures from State Funds	Expenditures from Federal Funds
1927 .....	\$41,228.86	\$37,979.48
1928 .....	45,169.52	40,572.29
1929 .....	48,027.59	44,047.55
1930 .....	47,289.41	44,412.93
1931 .....	43,471.64	41,296.42
1932 .....	50,756.14	47,875.17
1933 .....	61,231.85	53,470.62

Even with this increase in State appropriation, the State in 1933 did not match more than 60 per cent of the total federal funds available to Pennsylvania for rehabilitation purposes.

In the latter part of 1933, the Federal Emergency Relief Administration authorized a program of emergency education which involved special attention to more than 4,500 disabled persons listed on the rolls of the county emergency relief boards. These 4,500 cases were referred to the Bureau for assistance and investigation, and a monthly allotment of \$8,000 was made for use in rehabilitating them and for paying the salaries of necessary additional personnel in the Rehabilitation Bureau.

The handling of this new assignment involved an intensive course of special training of eighteen new agents. In this connection, a Case workers' manual for rehabilitation agents was developed in cooperation with the Vocational Rehabilitation Section of the Federal Office of Education. This has since been adopted for nation-wide use.

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Another innovation was an employment placement service for disabled persons set up under the Wagner-Peyser Act. The act designated the State Employment Service and the Bureau of Rehabilitation as agencies to administer jointly this service. It is designed to aid disabled persons not only in need of rehabilitation service but in need of a job. Through the facilities of this service more than 5,000 physically handicapped persons were placed in employment in the last year. The handicapped often performs as good a job as the normal worker and the State Employment Offices are kept informed constantly of the number and types of rehabilitation applicants registered with the Department so that they may be given consideration for job opportunities listed.

That private employers also are becoming more receptive toward the employment of physically handicapped persons is attested by the fact that the placements of physically handicapped persons in jobs in 1934 was more than double the total for 1933.

### **Workmen's Compensation Bureau**

When the Supreme Court in 1934 reversed the Superior Court in the now famous Romig case, which affirmed the Department's stand that weekly compensation payments must be figured on a five and one-half day wage basis, instead of on shorter week basis, the Bureau of Workmen's Compensation was ready with a segregated file of the more than 16,000 cases of injured workers and dependent widows of workers killed who were affected by this decision. Employers and insurance companies were notified immediately and urged to adjust compensation payments in these cases without further litigation. Where necessary, claimants were instructed in the methods to follow for procuring their rights. Largely as a result of this forethought on the part of the Bureau, more than 60 per cent of these cases involving underpayment of compensation benefits as a result of the Superior Court's decision, were adjusted by the end of 1934.

The Department by utilization of CWA facilities, made a careful check of 25,000 employers to determine whether they were protecting their employes by workmen's compensation insurance. Over 12,000 violators of the workmen's compensation law were uncovered. Twenty-five per cent of these took

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insurance on first warning. The balances are being prosecuted and compelled to comply with this statutory protection of their workers as rapidly as the limited Department force permits.

The Department has prepared and published a careful analysis of Pennsylvania's workmen's compensation system and its rank among the various states in each of the categories usually used to determine the liberality and fairness of a workmen's compensation law.

The uncertainty of general financial conditions increased the work of the Insurance Coverage Division enormously. Insolvent insurance companies presented a serious problem and large employers of labor who were enjoying the insurance exemption privilege had to be supervised with increasing care. The insolvency of some insurance companies during the past four years compelled the division to extend itself to the utmost in protecting the rights of injured claimants to the fullest possible extent. In this work, the division had to deal with the failure of nineteen companies writing compensation insurance. These companies had written policies covering 530 temporary disability cases, 62 permanent disabilities and 216 fatalities. The declared liability was \$942,418, which did not include the indeterminate liability in the temporary disability cases. During the depression it has been necessary not only to examine with greater care the regular financial statements filed each year by self-insurers but to require interim reports from many whose financial difficulties became apparent. The worst conditions in this field were met during 1933 and 1934.

Over the four year period the exemption privilege was withdrawn from 18 employers but the relatively small number of withdrawals does not indicate the severity of the situation. Many companies were continued as self-insurers only after extensive conferences with the bureau and the completion of agreements by which they filed high class bonds under collateral trust agreements to the extent of their outstanding compensation liability.

An important innovation during the depression has been a procedure for notifying every injured worker regarding the extent to which the compensation law protects him. This is achieved through a form letter known as the "Workers' Rights Letter" which explains as briefly as possible the major provi-

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sions of the law and the procedure by which compensation claims can be filed.

### **Workmen's Compensation Board and Referees**

The Workmen's Compensation Board and Referees have been faced with the problem of keeping pace with a rapidly growing calendar of disputed cases in spite of no appreciable increase in personnel. Petitions before the referees increased from 6,418 and 6,574 in 1928 and 1929 to 8,069 and 9,249 in 1932 and 1933. On account of the stress of the times both employers and claimants probably have been more litigious during this period than during any other. Appeals from referees' decisions to the Workmen's Compensation Board showed even a greater proportionate increase than the petitions to the referees. Appeals to the Board which numbered 995 and 1,006 in 1928 and 1929 rose to totals of 1,517 and 1,949 in 1932 and 1933.

### **State Workmen's Insurance Fund**

The problem of operating a State Workmen's Insurance Fund during the last four years is indicated by the fact that seventeen insurance companies of seventy-five have gone out of the compensation insurance business in Pennsylvania since January 1, 1931, and are now unable to meet their legal obligations to injured workers. The State Workmen's Insurance Fund withstood this period of great financial stress without a dangerous depletion of surplus and is expected to be able to declare a substantial dividend on the 1933 and 1934 business.

The management of the Fund has been thoroughly reorganized with attendant improvement in underwriting, claims adjustment, and accident-prevention activity.

*Note: A more thorough and detailed study of the activities of the Department is available in Special Bulletin No. 39, "Pennsylvania Labor and Industry in the Depression."*

# **Department of Welfare**

**ALICE F. LIVERIGHT, Secretary**

To the Governor:

Herewith is a report of the work of the Department of Welfare during your Administration.

## **Unemployment and the Direct Aids**

Beginning with the latter half of 1929 the slow tide of unemployment began to roll up throughout the industrial centers of the State. By the time the Legislature convened in regular Session in 1931, acute suffering had appeared, especially in Philadelphia and in the soft coal producing counties, but the problem was considered temporary and it was believed that it could be handled adequately by the local public and private agencies.

When conditions continued to be increasingly grave in the summer of 1931 in spite of seasonal decreases in applications for relief, the Governor selected a small committee to collect and analyze the already available statistics and related material. The committee's report brought startling facts to the surface. It revealed that at that time nearly one-fourth of the whole working population was unemployed and that there had been a tremendous increase in part time work together with drastic reductions in wages.

The Department had been conscious of a greatly increased burden in all fields of service and with the report of this Planning Committee before it an Assistant Deputy Secretary was employed for the purpose of procuring further facts in two lines: (1) collection and analysis of material to show needs and resources for unemployment relief; (2) study in each county of the extent of private effort, the funds available from tax levies, taxes collected, indebtedness in relation to borrowing capacity, expenditures for poor relief, number of families aided, and the like.

## **First State Relief Money**

Daily reports of mounting local needs and inability of communities and local services to meet them continued to be progressively alarming in the Fall of 1931 and the Governor called

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a Special Session of the Legislature in November to deal with the problem. The Session produced only one relief measure—a \$10,000,000 appropriation to the Department to be distributed among the local Poor Boards upon the basis of the amount of unemployment in each county as shown by the statistics of the Department of Labor and Industry.

For the first time in its history the State appropriated money without making any provision for State supervision of its expenditure. The Act was accompanied by no measure for new revenue and, following a fight through the courts up to the State Supreme Court, it was April, 1932, before any of the appropriation could be used. The Supreme Court afforded this appropriation a status midway between appropriations for running the State Government and those social aids such as Mothers' Assistance and State-aid to Hospitals and Homes. The latter were reduced automatically by an amount sufficient to meet the \$10,000,000. Thus local aid was given by the State with one hand while it was taken away with the other.

The abatement of these appropriations threw the affected agencies, particularly Mothers' Assistance, into confusion which continued until the 1932 Special Session restored their appropriations to the original amounts.

By May, 1932, more than 3,000,000 people in the State were without income from their wage earners. To indicate how the relief problem had grown it is pointed out that in the single month of May, 1932, four times as many families received relief as in the entire year of 1930.

The State was finding itself ill-equipped with social machinery to meet the crisis. In normal years the Poor Boards have spent something less than \$2,000,000 each year on family relief. They have always been inadequately supplied with funds and with workers. Of the 67 counties only five had county-wide community chests. Public and private funds and services overlapped in some places. In others there was no service not supplied by the Poor Boards. Severity of distress was spotty. The rural counties were not alarmed about their condition. Philadelphia had been in acute distress for months. Allegheny County and some other centers still had some resources, partly because their crises were later than that of Philadelphia. The soft-coal producing counties, however, had long been in difficulty and their need now was acute. Hundreds of pathetic

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letters were pouring into the Governor's Office and the Department from individuals in distress. These were being referred to the local agencies. All over the State there sprang into being hundreds of poorly organized little groups with limited resources and little except the will to help.

### **Governor Asks Federal Aid**

In July, 1932, the Governor requested aid from the Reconstruction Finance Corporation—the first of the Governors to do so. Full responsibility for establishing the social budgetary needs of the State devolved upon the Department.

A special Session was called in August, 1932, to consider the problem again. A second appropriation, in the amount of \$12,000,000 was made and a temporary sales tax for six months was enacted to provide the money. The State Emergency Relief Board was created and the load, carried by the Department up to that time in addition to its regular work, began to be transferred to this new agency.

The Department aided in setting up the County Emergency Relief Boards through the many contacts with local people it had already made. It continued to put the knowledge of its employes at the disposal of the Board, lending it six workers on full time until they could be released by the Board and returned. For a year or more it continued to help the new organization by giving courses of training for relief workers, assisting in the preparation of the "Hand Book for Field Workers", and in other ways.

### **First Transient Study**

When the "bonus army" was routed out of Washington in 1932 and moved by the hundreds into camps near Johnstown, the Department, with the Governor's endorsement, sent employes to give aid. This led to the making of one of the first studies of the transient problem to be made by any State. The Governor called an interstate meeting to consider the problem and a committee was formed. Its work led up to the Federal Government's steps to meet the problem of transients.

When the Civil Works Administration was started in the winter of 1933-1934 the Department hurried into execution every possible plan for improvement of its institutions. Several "white collar" projects were made possible in addition, the more important of which deserve mention:

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Poor Relief—study of poor board accounting and control of receipts and expenditures; study of poor relief laws; analysis of intake reports from almshouses; inventory study of relief and family welfare in Pennsylvania in selected counties; study of farm product cost accounting and farm management.

Blind—study of individual case records of blind.

Child Care—census of dependent children under care in Pennsylvania on January 1, 1934; study to demonstrate methods of dealing with group of older child delinquents in Allegheny County.

Criminology—research and service for classification of prisoners in State penal institutions; preliminary service study in the prevention of delinquency in Philadelphia and various urban and rural sections of the State; ten year study of commitments to and discharges from the Eastern State Penitentiary and the Philadelphia County prison; tabulation of women in county jails and of conditions in jails.

Institutions—study of food consumption and food costs at nine State-owned institutions; study of food consumption, farm crops, and housekeeping; study of farm product cost accounting and farm management; study of housekeeping in mental and mental defective institutions.

Mental Health—study of waiting list of mental defectives; study of local feeble-minded waiting list and of discharged cases; revision of inactive file of mental cases—separation of deaths from other types of discharges.

### **Mothers' Assistance**

The four-year total appropriated by this Administration for Mothers' Assistance—\$8,231,000—is \$2,730,000 greater than any previous four-year amount. In spite of this increase the need for aid continues great. The waiting list rose from 2,450 to 4,500 from June 1, 1933, to June 1, 1934.

Three counties have found themselves unable to match the State grants as required by law and have ceased to participate.

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They have been offset by three counties who have recently joined the ranks. Fifty-eight counties now participate in Mothers' Assistance.

The average grant has risen slightly. It is now \$35.22. Widows who used to augment their grant by part time work or receive other aid from local agencies or from relatives have been generally failing to receive this additional help.

In June, 1932, when the abatement of the appropriation as a result of the Supreme Court's decision in the Talbot Act case, took effect, 3,032 families were dropped from the rolls. The restoration of the abated sum by the 1932 Special Session was followed by a return of these families to the rolls but the space of time in which this abrupt withdrawal of aid was in effect produced tragedy for the mothers and children and heartbreak-ing work for the Mothers' Assistance Boards.

### **The Blind**

The Council for the Blind completed in October, 1934, a census of the blind population of the State. It located 10,851 blind persons and recorded the cause of their blindness, their physical and mental condition, and their social and economic status. Those found employable numbered 3,590, of whom 1,325 were gainfully employed.

At the Special Session of 1933 an Act creating pensions for the blind, sanctioned by a vote of the electorate November 7, 1933, was passed and \$1,250,000 was appropriated. Payment of pensions began June, 1934, and there are 3,911 blind persons on the payroll. The total monthly payroll is \$90,369. The amount to which each person is eligible is based upon his visual acuity and economic status. Thirty-two counties have absorbed their allocation and now have waiting lists.

The Council has continued its work of assistance. Forty persons have been assisted in securing guide-dogs. Fourteen have been trained as "stand operators" and, with help from private sources, concessions have been provided from which they support themselves.

The Council has interested itself primarily in prevention of blindness among children. It has participated in institutes for all of the public health nurses employed by the State as a step in their education to better understanding of the need for secur-ing prompt medical attention to certain eye conditions.

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A simple method of pre-school vision testing has been introduced and instructions in its use have been given generally throughout the State. As a result, Pennsylvania now ranks third among the states in the number of pre-school children whose eyes each year receive this attention.

The eyes of 40,000 children have been inspected by members of the Council staff and the records of 148,000 children have been examined as a means of discovering potential sight saving class candidates.

### **Old Age Assistance**

The competition for jobs brought about by the depression has aggravated the tendency toward non-employment of the aged. This and the hazards to savings which have existed for four years have made the aged less and less able to find economic security for themselves.

Provision for old age assistance had been promoted by the Governor and other social-minded citizens for several years. In December, 1933, the State's first old age assistance law was passed. The Act took effect December, 1934—\$4,000,000 being appropriated from the profits of the State Liquor Stores. These profits not being available, the 1934 Special Session made provision to care for old age pensions during December, 1934, and January, 1935, from a \$14,400,000 appropriation to the State Emergency Relief Board.

Application blanks have been distributed to 75,000 persons. It is believed that 38,000 will be eligible based upon their citizenship, residence and economic status.

### **Organization for Administering the Direct Aids**

Preparing for and issuing monthly checks to the blind since June, 1934, establishing eligibility of the vast number of applicants for old age assistance, and preparing to issue checks to them for the month of December, 1934, have been a heavy burden upon the Department. At the Governor's instructions, other Departments have cooperated. The administration of the three present direct aids—Mothers' Assistance, Blind Pensions, and Old Age Assistance—have been combined. This makes for economy and integration of relief needs.

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Full credit is due the local administrative boards for their ungrudging and untiring service.

### **Institutional Management**

To coordinate the work of the State-owned institutions, to help in solving their mutual problems, and to provide more close and active supervision of their activities, the Department created a Bureau of Institutional Management in July, 1933. This reorganization combines the formerly independent activities, of the agriculturist, engineer, architect, nursing consultant, and nutrition consultant. No additional employes were taken on.

The Bureau operates in the field of practically all of the problems to be met in the care of the more than 26,000 human beings who live in the Welfare institutions. Shortly after its organization, the Bureau defined its policy in a series of management circulars issued to the institutions.

A monthly report as to hospital services performed at the medical and surgical institutions gives essential information as to those institutions. There have been splendid developments under the new Bureau such as—semi-annual fire prevention drills and plans for fire control, and the planting of 334,000 woodlot trees on waste or wooded areas. An institutional committee has set definite goals for the employment of patients at mental institutions. During the calendar year 1933, a very thorough study was made of institutional farms.

### **Institutional Operations During the Administration**

Comparison of operating costs in our State institutions with similar costs in neighboring states demonstrates the economical conduct of Pennsylvania institutions. Yet low costs have not been attained through neglect of plants and equipment. Pennsylvania Welfare institutions are maintained in excellent repair.

There has been some overcrowding, to be sure, and overtime work for staffs. Parole from both mental hospitals and prisons has been delayed because of the serious financial situation in many homes which might ordinarily provide a normal environment as an aid to recovery or re-adjustment.

To have maintained a high degree of efficiency, consider-

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ing the enforced economies, is an indication of sound administration, particularly in the light of the following figures:

1931 appropriations to Welfare Department institutions .....	\$21,757,000
Abated 1932 Special Session .....	1,702,500
Further reduction 1933 regular session .....	1,054,500
Total appropriation reductions—two bienniums ..	2,757,000

Not only did the normal total population increase of 4,994 have to be met, but an extraordinary number of days' care were given. (14,528,420 actual patient days from June 1, 1931, to May 31, 1934.)

The following tables will illustrate the achievement:

Table A shows the increase in total patient days' care during this administration.

Table B shows how this increased service was provided from smaller appropriations.

TABLE A

Comparative Statement of State-Owned Institutions  
Patient or Inmate Days  
Fiscal Year 1931 vs. Fiscal Year 1934

Group	Act. Days		Per Cent	
	Care 1931	Care 1934	Increase	Increase
Med. & Sur. Group (10) institutions .....	335,520	384,414	54,894	16.3609
Penal & Correct. (5) institutions .....	2,443,581	2,491,143	47,561	1.9464
Mental Hospitals (8) institutions .....	4,477,456	5,064,384	586,928	13.1085
Feeble-Minded & Epileptics (4) institutions ..	1,699,988	2,024,190	324,202	19.0708
Total all institutions (27)	8,953,545	9,967,130	1,013,585	11.3205

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TABLE B

Comparative Statement of State-Owned Institutions  
 Maintenance Per Capita Cost Per Diem  
 Fiscal Year 1931 vs. Fiscal Year 1934

Group	Maintenance		Per Capita
	Fis. Year 1931	Fis. Year 1934	Cost Savings
Med. & Sur. Group (10)			
institutions .....	\$3.8554	\$3.1143	\$0.7411
			19.2224%
Penal & Cor. Group (5)			
institutions .....	1.1894	1.0855	.1039
			8.7355%
Mental Hospital Group			
(8) institutions .....	.8659	.7640	.1019
			11.7681%
Feeble-Minded & Epileptic			
(4) institutions .....	.7792	.6259	.1533
			19.6740%
Total Est. Average all institutions (27) .....	1.0488	.9077	.1411
			13.4535%

**Construction**

The General Assembly at the Session of 1931 appropriated \$10,258,010 to carry forward the Welfare Department construction program. Unfortunately, this appropriation was necessarily abated at the Special Session of 1932 to about five and a half millions and nothing could be appropriated at the Session of 1933, because of the demand for relief funds.

The \$5,500,000 provided the following major items of new construction :

Allentown State Hospital—Home for 48 men attendants and  
 ~ married couples.

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Danville State Hospital—Clinic and Diagnostic Building  
Female Ward Building  
Male Nurses Home

Farview State Hospital—Two additional wards for 97 each.  
Assembly Building. Cottage for 25 tubercular patients.

Harrisburg State Hospital—Hospital for physically ill for  
86 patients.

Norristown State Hospital—Admission Building for 150  
patients. Building for 100 employees.

Warren State Hospital—Addition to nurses home for 40  
persons.

Wernersville State Hospital—Attendant and Nurses Building.  
Cottage for male tubercular patients.

Penna. Industrial Home—New Central Building.

State Industrial Home for Women—Two cottages for 35 in-  
mates each.

Western Penitentiary, Rockview—New boiler house. Cell  
block for 258 prisoners.

Pennhurst State School—Sewage disposal and water supply  
system.

Polk State School—Infirmary building for 400 custodial cases.

Blossburg State Hospital—Hospital building.

Philipsburg State Hospital—Nurses home.

## **Mental Health**

During the past four years, the Department has made a drive  
for higher standards of treatment of mental patients and the  
promotion of activities for prevention. A special committee  
was assigned the task of surveying the State-owned mental hos-  
pitals. The report has resulted in a better knowledge of their  
requirements and constructive recommendations for a long-time  
efficiency plan. Another committee studied the question of the  
boarding out of mental patients. Such a plan, if approved by

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the Legislature, may in time lessen the need for institutional expansion and provide more normal home surroundings for selected patients.

The scope of the mental clinics, conducted by the hospitals, has been extended by the establishment of child guidance centers. These special clinics, providing facilities for the study and treatment of children, are also centers of advice and education for all interested in child welfare. The objective is a child guidance clinic in each mental hospital district, similar to those now established in the Norristown, Allentown, and Danville areas.

### *Mental Hospital Population June 1930 and June 1934*

	<i>June 1930</i>	<i>June 1934</i>	<i>Increase</i>
Mental Hospitals .....	25,864	29,644	3,780
Schools for Mental Defectives	5,334	6,240	906
Selinsgrove State Colony ....	156	464	308
Total Increase .....			4,994

### **Community Work**

The Bureau of Children and the Bureau of Assistance were merged June 1, 1933, and are now known as the Bureau of Community Work. In this Bureau are gathered all serviees to individuals within the several divisions—child and family welfare, Mothers' Assistance Fund, blind pensions, old age assistance, State-aided hospitals—supervision of all types of private agencies, and the Council for the Blind. We have here a fundamental organization for community service. It is unique in the national field of public welfare, tying in closely service relating to the promotion of sound family life. Its field representatives supervise:

84 almshouses, representing .....	16,317 inmates
352 child caring institutions, representing .....	45,529 inmates
21 homes for the aged, representing .....	1,023 inmates
4 other State-aided homes for the aged representing .....	139 inmates

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66 licensed boarding homes

31 maternity homes

62 private hospitals

The population in the 84 almshouses of the State rose from 13,149 on December 1, 1931, to 16,323 on December 1, 1933. This increase of 3,174 inmates or 24%, has meant the overcrowding of many institutions and much vigilance on the part of the Department in the way of supervision has been necessary to insist on even minimum standards of care. Supervision of State-aided and privately supported institutions and agencies caring for 45,529 children has always been the responsibility of the Department. During the first year of the biennium, supervisory visits were made to directors of the poor in their capacity as public child placing agents, and recently the Department has undertaken the supervision of almshouses and outdoor relief in 75 poor districts.

Another phase of community work is the supervision and visitation of 163 State-aided hospitals in order to check reports of patients entitled to free care. An annual inspection is also made. The appropriation for the present biennium of \$7,553,350 covered much less than half of the actual expenditures for free care of the 163 State-aided hospitals. Lessening of income from endowments and private gifts, along with the pressure for increased care have pushed some of the hospitals almost to the breaking point.

Waiting lists in the 21 State-aided homes for the aged are growing, obviously as the result of the diminishing resources of many old people. State aid to other institutions—children's homes, homes for the aged, and others—amounted to \$1,164,500 (which includes Glen Mills and Sleighton Farms).

Administration of the Solicitation Act has been expanded in order to protect givers from fraudulent appeals for charitable funds. During the biennium the Department granted certificates to three thousand welfare agencies seeking to appeal to the public for charitable funds.

A 67 per cent increase in certificates of registration were granted under the Solicitation Act in the present quadrennium.

In June, 1931, an Act giving the Department the responsibility of licensing private homes and hospitals went into effect

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and under the Non-Profit Corporation and the Business Corporation Act, the Department assumed additional work.

### **Corrections**

The Bureau of Corrections is charged with supervision over the penal and correctional institutions of the State as well as over the prisons, workhouses, and lock-ups of counties, boroughs, and townships.

At the beginning of this Administration, the penitentiary population was 4,792. As of the present date the population of the penitentiaries is 4,951, an increase of 159. On January 1, 1931, the population of the two reformatories, Huntingdon and Muncy, was 1,443. As of the present date it is 1,293, a decrease of 150.

Every year our State penal and correctional institutions pour back into the streams of population approximately 2,500 men and women. Their imprisonment costs the taxpayer many hundreds of thousands of dollars annually. If they emerge trained and willing to bear their share of the common burden, the taxpayer's investment is repaid with interest. If they return only as predatory enemies, with an added sense of grievance to be avenged, the investment is worse than wasted. The Bureau recognizes as its main function the responsibility of making criminals into men. A modern classification of prisoners has been established in all the prisons. Institutions have been classified and in accordance with recommendations of Classification Committees prisoners are now being transferred and educated both in shop and class room on the basis of classification findings.

During this Administration, the Department has made every effort to prepare the prisoner for constructive citizenship after his release. It has improved educational facilities and emphasized practical vocational training. The program of reconstruction has been carefully developed. Prisoners have been examined and classified with the purpose of determining their adaptability to the varied types of training offered. At the Eastern State Penitentiary in Philadelphia and the Pennsylvania Industrial School at Huntingdon, educational and recreational directors have been appointed to guide those activities along the most constructive lines. A Supervisor of Rehabilitation activities has been added to the staff at Cherry Hill.

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Early in 1934, a comprehensive and thorough report on Prison Industries was published. This study required nearly a year to complete and explains the purpose and function of this Division. It also included market analyses, industrial reorganization and recommendation for improving methods of training and rehabilitating prisoners and decreasing the number of idle inmates in our penal and correctional institutions.

Modern machinery has been acquired in several shops in order to train prisoners properly. A number of new shops have also been installed. These include a modern weaving shop at Graterford, a power sewing shop at the State Industrial Home for Women, Muney, and a metal working shop, at the Western State Penitentiary, Pittsburgh.

There has also been a complete industrial reorganization of prison shops with special emphasis on improvement of products and production methods. Approximately 1,000 inmates of our prisons are employed in those shops, producing clothing, textiles, shoes, hosiery, underwear, furniture, brushes, metal tags, nursery stock, canned goods, and printing. Under the States-Use System, sale of these goods is limited to institutions, departments and agencies supported in whole or in part by tax moneys.

### **Probation**

The Department has given special attention to probation. It has emphasized the need of adequately trained probation officers and urged upon the Judges of all counties the importance of strengthening their local probation service. It conducted an educational program on probation through institutes given in connection with meetings of the State Conference of Social Work and the Penal Affairs Committee of the Public Charities Association.

The Department recognizes the importance of work for the prevention of delinquency. It has gathered special material for a study of community resources available for offenders between the ages of 16 to 21, who are put on probation. It has also made a study of facilities for care of women offenders in county prisons.

As a result of the Bureau's recommendations, a number of county jails have been renovated and remodeled. In several, new women's quarters have been provided and minimum standards for food, sanitation, ventilation, and exercise established.

# **Department of Property and Supplies**

**WALTER G. SCOTT, Acting Secretary**

To the Governor:

Herewith is a report of the work of the Department of Property and Supplies during your Administration.

The personnel of the Department on January 1, 1931, numbered 693, while at present it is 586. More work has been carried on in the past four years than ever before in the Department's history and this with 107 fewer people to do it. The Department's annual salary rate has been reduced by \$266,803.

The Department, as its name suggests, is a service department for the other agencies of the State Government, therefore it reflects the volume of work which flows through the others. This volume has been larger than ever before.

An example of the unprecedented demands made on the Department was the renting of 237 State Liquor Stores in the short space of one month—December, 1933. The purchase, maintenance, and automobile demands of the Liquor Control Board, the Milk Board, and the State Emergency Relief Board have been great and in addition to the accelerated requirements of the older agencies.

## **Purchases**

Four years ago at the beginning of this Administration, the purchasing procedure was comparatively simple in many respects compared with the present procedure made necessary by the NRA and other Federal Government regulations. At that time there was open competition on practically all the commodities purchased. Contracts could be made for semi-annual and annual requirements without question. However, since the advent of the NRA, competition is nearly a thing of the past.

In many cases, when the Department receives a low bid, a protest is raised by other bidders, and in many cases the low bidder is not permitted to furnish the material because of the various codes in effect. This not only delays deliveries but adds materially to our work.

## *Appendix—Property and Supplies*

The NRA has increased, in another way, the amount of work going through this bureau. Contracts cannot now be made over extended periods. In many cases where annual contracts were possible the Department is compelled to make monthly contracts, or, at most, contracts for sixty to ninety days. The price levels have been rising for the past year. The State is now paying substantially more for its commodities and supplies.

The process and compensating tax has added to our work to a considerable extent. The Department has endeavored to assist the institutions to free themselves from this tax as far as is legally possible. Progress has been slow because of the great number of such claims filed from all the charitable institutions in the country.

The establishment of the Liquor Control Board with its 270 stores, the additional mileage of highways taken over for maintenance by the Department of Highways, and the purchases for the 92 CCC camps throughout the Commonwealth are mainly responsible for the increased purchase of supplies and equipment during the Administration.

Notwithstanding the increased volume of work the purchasing personnel has been reduced by six employes. This was made possible by more efficient methods of purchasing and consolidation of duties with resulting increase in productive effort per person.

The State's cost of purchasing has been reduced to .00575 cents per dollar expended which is favorable and comparable with purchasing departments in efficient commercial industries.

Where the annual dollar volume of purchases negotiated by this Department was, during the previous Administration, \$16,700,000, it is now \$20,300,000.

### **Standards**

The creating of this bureau is one of the Department's outstanding forward steps. It is charged with the work of simplifying and standardizing the various materials, commodities and supplies used by the various agencies of the Commonwealth, so that the requirements may be reconciled to modern manufacturing and the flow of materials to the various State agencies simplified, coordinated and speeded up.

Since the establishment of centralized purchasing in the Administrative Code enacted in Governor Pinchot's first Admini-

## *Appendix—Property and Supplies*

stration, work with "standards" has been carried on. Proper and adequate standards are vital to governmental purchasing since it is all done on a competitive price basis. During the depression, when falling prices have driven down quality and made competition between producers keener than ever before, the State's commodity standards are indispensable.

The Department prepares a standard catalogue of materials, commodities, and supplies to facilitate the purchasing of such supplies and to control the established standards. This catalogue, having definitely identified the articles, will facilitate the development of group or mass buying by the several agencies of the Commonwealth, as contemplated by the Administrative Code. The chief value of this catalogue lies in its placing before every requisitioning officer of the Commonwealth a list of materials, commodities, and supplies, the quality of which has been predetermined.

Specifications for catalogue articles are developed, thereby insuring products uniform in quality and consistent with the needs of the agencies.

The Department is charged with the inspection of all materials, commodities, and supplies purchased to determine that they conform to the standard specifications. This work of inspection is highly essential. It protects the interest of the Commonwealth and it protects the honest bidder. Only under such safeguards will the State be assured of receiving full value for money expended. In the earlier stages of this work the number of rejections averaged approximately 60 per cent. Owing to the general business depression, many inexperienced and possibly irresponsible bidders have been attracted to the business of furnishing supplies to the State. This has greatly increased the work of "standards."

During the Administration the Department has established a small but highly efficient commodity testing laboratory and employed highly trained assistants to conduct tests.

The State will soon be in position, if it is desired, to aid political subdivisions of the State in their buying. Its test findings could be made available advantageously to the general public.

Owing to the vast fluctuation in prices of commodities during the last four years, no accurate and complete comparison of

## *Appendix—Property and Supplies*

cost could be set up to indicate actual savings, but there are a sufficient number of individual cases to support the statement that the savings effected are far in excess of the cost of conducting the work.

### **Publications**

The Department's work with publications has been materially increased by the establishment of the State Emergency Relief Board and the Liquor Control Board. The printing and paper for the Relief Board alone has amounted to approximately \$125,000.

The Bureau of Publications with its increased volume of work, occasioned by the additional duties imposed upon it, has saved approximately \$16,000 in operating cost during the past four years, together with approximately \$145,000 by the strict supervision of all printing and the elimination of the publishing of costly reports.

The Department has been successful in eliminating large quantities of odd sizes and colors of paper through the co-operation of the various departments, boards, and commissions, and the Budget Bureau in the standardization of forms and bulletins.

### **Public Grounds and Buildings**

In addition to the usual maintenance work required in the preservation of the grounds and buildings the Department has supervised and undertaken some major improvements such as:

Construction of Testing Laboratory in Temporary Building No. 5 for the use of the Bureau of Standards.

The installation of new pumps in the Highway Garage for the furnishing of heat for the room under the Memorial Bridge..

The construction of large file room under the Memorial Bridge for the Auditor General's Department.

The revamping and rewiring for the park lighting system.

The laying of concrete walk around the Museum and South Office Building No. 1.

The completion of the ventilating system on the fifth floor of the main Capitol Building.

Remodeling of the interior of the Publications Building for the use of the Department of Agriculture and Public Service Commission laboratories.

## *Appendix—Property and Supplies*

Remodeling of the Museum Building by the removing of old library stacks thus providing additional space for Museum exhibits.

The reconstruction of roof over boiler room in rear of the Capitol Building to provide additional parking space.

Construction of ventilating system in the Commonwealth Garage, 38 North Cameron Street, Harrisburg, Pennsylvania.

Construction of steel grating platforms in all pipe chases in Capitol Building.

Painting of all structural steel under the roof of the Capitol Building.

The rewiring of the main Capitol Building.

The construction of a steam control system to control the steam for the heating of the Capitol group of buildings, thus reducing the cost of operation insofar as heating the buildings is concerned.

The establishing of a typewriter-repair-shop, producing savings of approximately \$500 per month.

The establishing of a furniture and equipment exchange wherein unserviceable furniture returned from various departments has been overhauled and replaced in service. This has saved the Commonwealth approximately \$75,000 to \$100,000 during the past four years in the purchase of new equipment.

The employes of the Department engaged in this work were reduced in number from 407 to 352 with an annual saving of approximately \$72,000 in salaries.

## **Automobiles**

The need for State automobile transportation increased proportionately with the additional duties imposed upon the Department. The creation of the State Emergency Relief Board, Liquor Control Board, Milk Control Board, Civil Works Administration, Civilian Conservation Corps, together with additional duties imposed upon the Pennsylvania State Police, the Department of Labor and Industry, the Department of Forests and Waters, the Department of Welfare, and the Department of Health, were particularly responsible for greatly increased

## *Appendix--Property and Supplies*

demands for automotive transportation. But fewer automobiles were bought than ever before.

In order to meet the demand the following economies were instituted:

All cars in the vicinity of Harrisburg were pooled. This saved the State from purchasing additional equipment and brought about the consolidation of the Health Department Garage with the Department's Garage at 38 North Cameron Street, saving an additional amount of \$14,400.00 each biennium.

Manipulated the assignment of cars to the agencies that utilize them to the best advantage.

Discontinued the purchase of large seven-passenger cars and curtailed their use, and replaced large cars with small cars wherever possible.

Discontinued the purchase of large high-priced trucks when a smaller truck would meet requirements.

Endeavored to purchase equipment direct from the factory, including only standard factory equipment in the specifications.

Required more miles to be travelled by cars before trade-in.

Utilized unserviceable Highway equipment for part-time use at various State institutions and on construction projects, thus saving large sums of money for the rental of trucks.

Followed a policy of purchasing the make and type of equipment most adaptable to fit the needs of the various agencies and institutions.

Required all requests for transportation to be made directly by the Secretary, or his Deputy, of the various agencies rather than by the employes.

Prohibited the purchase of high-test gasoline at a saving of three to five cents per gallon.

Insisted that all repairs be performed by vendors under contract, procured a discount on parts and flat rate labor charges and required major repair work to be performed on the basis of estimates. All invoices for repairs are checked thoroughly against these estimates, as well as checked for proper prices and discounts. Executed con-

## *Appendix—Property and Supplies*

tracts for the purchase of gasoline, oil, tires, tubes and batteries, insuring the lowest possible purchase price.

Insisted that all washing and greasing services be performed by vendors under contract.

Adopted the policy of installing governors on all new cars purchased, reducing driving hazards and excessive repairs caused by cars being driven at excessive speeds.

Devised a system whereby State cars have the advantage of purchasing gasoline and oil from the central garage and from Highway storage sheds. This saves from four to five cents on a gallon of gasoline and fifteen cents on a quart of oil through obtaining bulk purchase prices.

The aforementioned policies saved \$285,570.19 in the purchase of passenger cars and trucks, and \$134,957.05 in operating expenditures of passenger cars, or a total saving of \$420,527.24 for the 1931-1933 biennium as compared with the 1929-31 biennium. Passenger cars were operated 2,907,603.5 miles more in the face of this enormous saving with fewer automobiles.

This Department was not given control over the automobile equipment of the Commonwealth until June 1, 1929. To make any comparisons of the work during the present Administration with that of the previous one, only biennial comparisons may be taken.

The following table will indicate the extent to which the State has decreased its cost of operating automobiles during this Administration.

	For all Agencies except Highways	
	1929-1931	1931-1933
Operating Expenditures . . . . .	\$ 534,022.24	\$ 474,233.41
Number of Automobiles in		
Operation end of Period	890	802
Miles Operated . . . . .	20,613,263	23,520,867
Average Cost per Mile . . . . .	\$ .0259	\$ .0201
New Cars and Trucks Bought		
—Cost . . . . .	\$ 651,049.98	\$ 365,479.79

## **Construction**

Because of the demand for funds required by the relief program, not as much building construction was handled by this Department during the past four years as during 1927-1931.

## *Appendix—Property and Supplies*

The Department organization was therefore contracted to fit the reduced program and money was saved.

In spite of the reduction there were certain outstanding accomplishments:

The Soldiers' and Sailors' Memorial Bridge, Harrisburg, was completed.

The South Office Building No. 2 (Education Building), Harrisburg, which had been seriously damaged by fire, was restored and put in use.

The Farm Show Building, Harrisburg, was improved and better parking facilities were made available.

The roof of the main Capitol Building was replaced by complete new tile roof and defects in the masonry on the domes were corrected.

The construction of a modern prison at Graterford, Pennsylvania, which was started in 1927, was taken over by the department and is practically completed; and the damage caused by the recent riot is nearly corrected.

Twenty Highway Garages were contracted for and have been virtually completed.

In cooperation with the State Emergency Relief Administrator applications for civil works were made and projects to the extent of approximately \$150,000 were completed in or about the Capitol Buildings.

Because of the depression and the curtailment of private work, industry has concentrated on State work. From this concentration many problems in the approving of materials, contractors and sub-contractors and the enforcement of the plans and specifications have arisen. The Department has necessarily been called upon for closer supervision of keener competition and there have been more defaults, all of which the smaller organization has met. The Commonwealth has lost nothing through the default of any contractors.

The Session of 1931 amended the Administrative Code, Section 522, by requiring the Department to place wage specifications in contracts for public works. This has been done with all construction contracts and very closely enforced. It has been generally favorably received by both labor and industry. Penalties have been imposed on several contractors and the present

## *Appendix—Property and Supplies*

results show that mechanics and laborers have been receiving the pay stipulated in the contracts.

### **Real Estate**

The Department has made signal savings in rentals paid for leased real estate. On June 1, 1931, the annual rents paid by the Department for all General Fund agencies were \$308,334.47. On December 1, 1934, the total annual rentals had been reduced to \$199,988.91. The Department has been assiduous in pressing real estate owners to reduce the rents paid by the State on offices and garages to the level paid by private interests in the same localities.

### **Bonds and Insurance**

There has been some reduction in the total cost of automobile insurance because of the Department's activity in reducing the number of cars but this has been somewhat offset by an increase in rates imposed by insurance companies on all purchasers of this type of insurance.

Expenditures for workmen's compensation by the State have increased because of the increased burden in the new organizations like the Emergency Relief Board, the Liquor Control and the Milk Control Boards. The taking over of a greater mileage of roads by the Highway Department increased its labor payrolls and hence, its insurance payments. These have required much more administrative work by this Department.

The Department has succeeded in revising the system of rating compensation insurance whereby the Commonwealth pays on the basis of its own risk. In turn individual departments are rated on their risks. This will result in considerable saving in the annual charges for compensation insurance.

### **Accounting**

The Department has in many ways not already mentioned, rearranged and consolidated its organization and its work.

Accounting has been centralized, improved, and made less costly.

In cooperation with the fiscal officers one whole activity was eliminated at an annual saving of \$4,920.

## *Appendix—Property and Supplies*

Systematic control of inventories was established and the storerooms consolidated thus saving in the total amount of investment carried in supply stocks.

Files and mimeograph activities were centralized.

Altogether \$47,000 has been saved during this Administration.

### **Mail Service**

By the establishment of a central intra-departmental mail room, much messenger service, formerly required between departments, was eliminated. This has benefited the distribution of mail.

The mail-messenger service which the Department has conducted transporting the departmental mail between Harrisburg and Philadelphia for more than two years has saved \$16,143 in two years out of what would have been required in postage.

### **Other Activities**

In the transfer or sale of unneeded or unserviceable property the Department has been able, by transferring such equipment as: power house engines, trucks, rollers, crushers, farm machinery, electrical equipment and the like from agencies which were not using it to agencies which had a need, to save \$150,000 which would have otherwise been spent.

Sale of unserviceable property yielded \$75,173.30 during the period.

The State Insurance Fund was used to replace destroyed property to an amount of \$26,322.91.

# **State Art Commission**

**J. HORACE McFARLAND, Chairman**

To the Governor,

In accordance with the law which created it, a report is herewith submitted of the operations of the State Art Commission for the year December 1, 1933, to November 30, 1934.

The continuing shortage of public funds has interfered with the progress of the state building programme which it had been hoped would include the completion of the fourth great structure of the Capitol Group, so much needed to facilitate the public business now conducted in part in expensive leased premises.

## **Work Increases**

But by reason of the activity of the Federal Administration, in Washington and through the Public Works Administration, Civil Works Administration, etc., the total number of submissions to the State Art Commission has been two and one-half times as great in the year just ended as during the preceding year.

In 1934, 812 designs were passed upon by the Commission. Of this number 210 were designs for public school buildings, 62 for city or county buildings, four memorials, 119 county bridges, 253 Department of Highways bridges, 152 state-owned buildings, and eleven buildings submitted by the Federal Government.

In the course of this work 87 projects, to cost if completed approximately \$16,000,000, were presented for consideration within four days. One hundred and four submissions were approved resting upon Civil Works Administration funds.

The cost of structures passed upon during the year just ended totaled \$35,011,808, all of public expenditure made or proceeding.

The habitual and careful scrutiny of our practice was given to all these submissions. Where necessary, the Commission made constructive recommendations in pursuance of its settled plan not merely to disapprove but to recommend toward greater efficiency and higher values.

It is in pursuance of this method that we report an increase in the number of conferences brought about with those who are submitting new structures. The professional field has come to

## *Appendix—State Art Commission*

recognize the merit of assistance given by the Commission, often in preliminary studies so that expenditures for final plans could be wisely made. These conferences emphasized the value of personal contact, and made more regrettable the limited personnel and inadequate facilities at the command of the Commission. Three hundred and eighty-one such conferences are recorded for this year, in 162 of which sketches or suggestions were made. Of notable historical relation is the consideration this year of plans for the restoration of Pennsbury Manor, the home of William Penn in Falls Township, Bucks County. Important suggestions followed a personal visit made by the Administrative Officer to this location. The designs for a group of twenty-five buildings to be erected by Allegheny County at the County Home in Woodville have been thoughtfully considered.

War Memorials, usually proposed by commercial concerns who influence inexperienced but patriotically minded bodies, continue to be presented. One design for a memorial to be erected at Uniontown, Fayette County, was rejected as wholly unsuitable, and a recommendation made to the chairman of the group of interested citizens that a competent architect be employed to design a worthy memorial.

The placing on exhibition in or near the State Museum at Harrisburg of certain petroglyphs unearthed at considerable expense on the site of the Safe Harbor Dam, was carefully studied, and suggestions were offered for locating a suitable display.

It is a pleasure to report to you the completion and dedication of the General Galusha Pennypacker Memorial, erected at state expense in Logan Circle, Fairmount Park, Philadelphia, on June 1, 1934. The Administrative Officer of the Commission not only supervised the erection of this great work of art, but carried through the plans for the dignified dedicatory exercises.

The Art Commission co-operates completely with various Federal Government groups whenever opportunity appears within its jurisdiction, and has likewise made contact with the newly appointed State Planning Board, all in the direction of greater efficiency.

This report will make plain to you that the Pennsylvania Art Commission continues its constructive and helpful programme, even though it is unfortunately restricted and undermanned. All of the increased work submitted has been handled by our

## *Appendix—State Art Commission*

Administrative Officer and one stenographer, and even so with a minimum of delay. It has long been the custom of the Commission to insist on prompt handling of submissions made to it, and this year most decisions were rendered on the same day the design was received. The Commission continues to urge that designers submit preliminary sketches for criticism and suggestion in the early stage of preparation.

### **1972 Designs Considered**

In view of the fact that this report terminates the quadrennium of your Administration, it seems proper to review briefly the work accomplished during that time. Between January 1, 1931 and November 13, 1934, the operations of the Art Commission have included careful consideration and decision upon a total of 1972 designs, estimated to involve an expenditure of public money in the amount of \$78,931,691. Thus—

548 public school buildings have been studied.

106 county or city buildings.

309 plans for county-owned bridges.

600 plans for Department of Highways bridges.

36 memorials erected on public ground.

362 state-owned buildings.

11 designs for buildings planned by the Federal Government.

Among the new achievements of the period thus covered, during which the Pennsylvania Art Commission offered constructive criticism or suggestions toward improving the appearance or location of projects submitted (and this in a fashion not paralleled anywhere in the United States) are the following:

The Safe Harbor Dam and Power House on the Susquehanna River received much consideration, and through numerous conferences the final design as developed and erected is virtually the work of the Administrative Office.

Berks County has erected a new Court House in Reading. The criticisms offered under the law by the Commission were gratefully received by the architects.

Two large county tuberculosis hospitals have been erected, one in Delaware County and one in Berks County, and important criticisms have been provided toward their betterment in location and design.

Important service was done in relation to alterations to the City Hall of Easton, which had been partially destroyed by fire.

## *Appendix—State Art Commission*

The great Pymatuning Dam enterprise in the northwest corner of the State, in charge of the Department of Forests and Waters, has been aided through the designing of a new gate house, with what is admitted to be desirable and satisfactory results. Further consideration of this project in connecting it with the neighboring state of Ohio is under way.

While during the early years of this Commission's experience its good offices were not received with complaisance, particularly when criticisms had to be offered, it has now come to be recognized as an important means of conserving high values for structures and memorials erected within the Commonwealth. Not infrequently suggestions made have resulted in direct financial economies, and it is obvious that if the Commission were provided with adequate personnel and support its work under the Act which constitutes it could be even more advantageous to the inevitably enlarged building programme of the State.

It is in point to call attention to the presentation of the work done by the Pennsylvania Art Commission at a meeting called by the National Resources Board in St. Louis in late October, at which all the existing State Planning Boards were represented, and Pennsylvania's important and unique share brought into knowledge and consideration by the Chairman of the Commission.

In conclusion it may not be amiss to call attention to the fact that during the last two administrations, covering eight years, submissions have been made to this Commission involving the expenditure of public money in the amount of \$218,774,111. None of the consideration thus involved has been perfunctory, and the Commission respectfully points with pride to the achievement thus evidenced, not equaled, it is believed, anywhere in the United States.

# **Department of Revenue**

**LEON D. METZGER, Secretary**

To the Governor:

Herewith is a report of the work of the Department:

In the Department of Revenue, the past four years have placed an especially high premium on efficient and economical operation.

General conditions during this period added vastly to the difficulty of administering the normal function of the Department—the collection of all revenue and taxes due the Commonwealth. On one hand, the Department was confronted with the necessity of meeting the extraordinary demands for revenue created by unemployment relief. On the other, it faced the serious problem of collecting taxes from sources which the depression tended to dry up.

Such circumstances made it doubly important that the Department not only collect all possible revenue as quickly as it might be done, but that it make the collections at the lowest possible cost. By reorganization and continued improvements in methods and personnel, the Department has been able to build for itself a truly remarkable record.

Of prime value to the Commonwealth has been the ability of the Department to assume new duties of large scope and important character almost at a moment's notice.

The combination of flexibility, efficiency and low cost operation has been especially notable during the last three years. Within that time, the Department's Bureaus of Investigations and Collections, Motor Vehicles, and Highway Patrol were called upon repeatedly to undertake the administration and collection of new taxes or assist in establishing administrative units for new control boards.

## **Relief Sales Tax**

When the 1932 Special Session of the General Assembly enacted the Emergency Relief Sales Tax, the Department of Revenue was asked to collect a new kind of tax quickly and efficiently. Special collection methods had to be evolved to administer the law but, despite the necessarily improvised and emergency methods, the Department to date has collected nearly

## *Appendix—Revenue*

\$10,000,000 under this act at a cost of approximately 1½ per cent.

The enactment of the Beer Tax (now the Malt Liquor Tax) Law by the 1933 Regular Session of the General Assembly presented other and equally difficult problems. The Legislature made the act effective on May 5, 1933, and by the preceding day the Department had completed arrangements to sell beverage tax stamps through 65 agencies and thus make them available to breweries and distributors who needed the stamps on the day the law went into effect. Temporary procedures were arranged for the payment upon taxed or bonded beer and ten days later, on May 15, permanent arrangements had been made to sell tax-paid bottle crowns to breweries. Thus far, collections under the act have totaled \$8,872,175 (as of October 31) with no loss to the Commonwealth except that represented by two counterfeit ten-dollar bills.

In the fall of 1933, another Special Session of the General Assembly added to the functions of the Department the administration of temporary liquor tax laws. On November 22, the effective date of the Liquor Floor Tax Law, the Department was ready to collect that tax.

In addition to the collection of emergency taxes, the Department rendered valuable assistance in the enforcement of liquor control legislation and in establishing the administrative machinery of the Liquor Control and the Milk Control Boards. Without the benefit of the experienced and highly developed personnel available in the Department of Revenue, it is doubtful whether either of these control boards would have been able to begin licensing dealers within the very short periods allowed by the legislation creating them.

### **Corporation Accounts Reduced**

In the course of its normal work, the Department of Revenue reduced outstanding corporation tax accounts to the lowest level in the recent history of the Commonwealth. On December 1, 1930, outstanding accounts on the ledgers of the Bureau of Corporation Taxes totaled \$35,416,302, of which \$18,306,524 was in delinquent accounts and \$17,109,778 was in active accounts. Three and one-half years later, on June 30, 1934, the total of outstanding accounts had been reduced to \$11,961,000, of which

## *Appendix—Revenue*

only \$4,108,940 was delinquent and the remaining \$7,852,060 was active.

The reduction of \$23,455,301 in the outstanding accounts was made possible by changes in the law and by better administrative methods. The adjustment of disputed tax accounts was speeded up. The installation of machine accounting provided a daily control of the accounts and now serves to prevent any recurrence of conditions which, in the past, had contributed to a great amount of the delinquencies. One general effect of administrative changes was the enablement of the Commonwealth to collect millions of dollars while the taxpayer had funds instead of allowing accounts to become old and less possible to collect.

### **Gas Bootlegging Eliminated**

In the collection of gasoline taxes, the Department has improved its system until tax evasion, bootlegging and attendant evils have been virtually eliminated. This, in itself, has added at least \$1,500,000 annually to the revenue collected by the Commonwealth from this source.

Under the old system of collecting the liquid fuels tax from retailers, gasoline bootlegging was prevalent throughout the Commonwealth when this Administration assumed office in January, 1931. Conservative estimates placed at \$3,000,000 the revenue lost during 1929 and 1930 as the result of these conditions while legitimate industry and trade suffered immeasurable losses because of the disrupting influences.

Legislation sponsored by this Administration put a quick and permanent stop to these losses. The present Liquid Fuels Tax Act, approved May 21, 1931, automatically reduced the number of liquid fuels tax accounts from about 25,000 retailers to the 300-odd distributors in whom tax collection is centered today. It made possible definite accounting control over the billion gallons of gasoline sold and used in this Commonwealth annually. Detailed reports from distributors and common carriers now are required and are filed, covering all transactions and showing the destination of all liquid fuels transported in or through the Commonwealth.

Instead of large losses of revenue sustained in previous years, the bonding of wholesale distributors has cut the Commonwealth's losses of revenue caused by dishonest or bankrupt tax-

## *Appendix—Revenue*

payers to less than \$1,000. Collection costs have been reduced from 2.3 per cent to three-fourths of one per cent.

The very evident result of these improvements has been the pronounced increase in the income produced by the liquid fuels tax act. During the three years immediately preceding the effective date of the present act, collections for one year at a four-cent tax rate and two years at a three-cent rate amounted to \$90,553,823. During three years of the three-cent tax under this Administration collections amounted to \$95,407,075.

## **Highway Safety**

Aside from its revenue collecting activities, the Department, through the Bureau of Highway Patrol and Safety, has effectively directed the enforcement of the Motor Code and maintained a continuous supervision over the safety of the traveling public on the Commonwealth's highways. Largely because of their activity, Pennsylvania's accident record has been kept among the best in the country at a time when reckless motorists were taking an excessively large toll on the highways of the nation.

The Patrol and the Division of Safety have been unusually successful in coping with the menace of drunken driving which developed new prominence with repeal of the Eighteenth Amendment. The Highway Patrol, with its record of rapidly increasing arrests and high percentage of convictions of drunken drivers, has set a splendid example for municipal police who are engaged in the same vital campaign. The Division of Safety, in this movement, as in all efforts to protect the life and welfare of highway users, has proceeded without fear or favor to revoke or suspend the licenses of motorists guilty of drunken driving and other flagrantly dangerous driving practices.

## **SUMMARY OF ACTIVITIES OF PENNSYLVANIA STATE HIGHWAY PATROL**

	<i>1927-1930</i>	<i>1931-1934</i>
PERSONNEL (AVERAGE) .....	370	491
PATROLS ASSIGNED .....	454,820	727,037
(a) Regular Road Patrols .....	244,527	405,186
(b) Special Patrols .....	210,293	321,851

*Appendix—Revenue*

	<i>1927-1930</i>	<i>1931-1934</i>
MILEAGE .....	20,435,405	29,684,853
(a) Motorcycle .....	14,544,246	17,540,675
(b) Automobile .....	4,462,415	8,056,032
(c) Other Types .....	1,428,744	4,088,146
EXAMINATION OF OPERATORS .....	1,116,760	786,776
(a) Passed .....	816,370	553,081
(b) Failed .....	300,390	233,695
WARNINGS .....	*	3,368,996
(a) Improper Driving .....	*	1,367,694
(b) Defective Equipment .....	769,772	1,884,999
(c) Other Warnings .....	*	116,303
ARRESTS .....	119,440	140,395
(a) Traffic .....	63,387	74,727
(b) Equipment .....	20,472	24,349
(c) License .....	31,640	36,502
(d) Manslaughter .....	514	632
(e) Larceny of Motor Vehicle ....	776	917
(f) Other Criminal Cases .....	2,651	3,268
FINES COLLECTED .....	\$1,328,824.16	\$1,066,208.63
PROPERTY RECOVERED		
(a) Motor Vehicles .....	2,451	2,723
Value .....	\$1,387,581.58	\$1,132,489.75
(b) Other Property .....	*	735
Value .....	*	\$33,306.48
INVESTIGATIONS .....	109,054	481,342
(a) Accidents .....	20,829	43,926
(b) Departmental .....	*	19,117
(c) Liquid Fuels .....	*	176,595
(d) Garage Inspections .....	*	34,987
(e) Other Investigations .....	88,225	206,717
REQUESTS FOR INFORMATION .....	*	1,855,036

\* Indicates information not available.

Among the new duties which the Department of Revenue has assumed is the administration of the State Aeronautics Law

## *Appendix—Revenue*

which was taken over when the State Aeronautics Commission was abolished as an economy move. The safety of aviation in Pennsylvania has not suffered, and indeed, has been advanced by this change.

### **Tax Collection Costs Low**

To finance the operation of the Department of Revenue on this greatly enlarged scale during the past four years, a total of \$17,603,548.19 was appropriated. Actual and estimated expenditures for the period will amount to \$16,552,157, and an estimated \$1,051,391.19 will be returned to the General and Special Funds as lapsed appropriations.

Of its total expenditures during the four years, \$5,833,837 represents the cost of operation of the State Highway Patrol, the Division of Aeronautics, and the Division of Safety. The balance of \$10,718,320 represents the four-year cost of the Department's operations in its strictly tax collecting activities. It is the price the Commonwealth paid for an agency which, during the same four-year period, handled \$981,385,635 of revenue brought into the State Treasury and made available for the normal and emergency expenses of the State Government during this Administration.

Disregarding the proceeds of bond issues, allocations from the Federal Governments, transmittals of money collected by other departments, boards and commissions and other revenue which the Department did not actually collect, there remains a total of \$561,474,785, actual and estimated, which the Department was wholly responsible for bringing into the State Treasury. Even if we regard the \$10,718,320 expenditure as the cost of collecting that 561-odd million dollars, we find that the maximum cost of collecting taxes through the present Department of Revenue set-up was about 1.9 per cent of the money collected. This is a very small cost and one which few, if any, states have been able to equal in normal times and which none has been able to surpass during the abnormal conditions of the past four years.

# **Board of Fish Commissioners**

## **OLIVER M. DEIBLER, Commissioner**

To the Governor,

Herewith is a report of the work of the Board of Fish Commissioners during your Administration.

### **Survey of Waters**

One of the signal accomplishments during this Administration was the survey of all waters. Distribution is now being made with the Board's own trucks and personnel. This assures the placing of fish in the waters for which they were intended, and eliminates any possibility of stocking private waters.

### **Distribution of Trout**

For the first time in its history the Board of Fish Commissioners has been able to make a yearly distribution of more than one million trout ranging in size from six to twelve inches.

### **Propagation of Brown and Rainbow Trout**

For the first time in many years brown trout are again being distributed. This has met with immediate general approval of the brown trout fishermen. The Board has also enlarged its program so that rainbow trout will be available in the very near future for those waters which are suitable.

### **Fingerling Trout in Tributary Waters**

In cooperation with the sportsmen's organizations, the Board supplied in 1934 two million fingerling trout for the tributary waters which they thought should be stocked.

### **Nurseries**

Close cooperation has been given the United States Bureau of Fisheries in the establishment of nurseries in Pennsylvania. The Board furnished to Federal nurseries in the State over 400,000 fingerling trout.

### **Spring Creek and Huntsdale Projects**

It became evident early in the Administration that the Board of Fish Commissioners needed no additional hatcheries, but rather fish farms, or rearing areas. With this thought in mind

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two additional sites were purchased for fish farms, one at Spring Creek, Centre County, and the other at Huntsdale, in Cumberland County.

At Huntsdale there are five large springs, which assure an abundant supply of water, and the growth of trout there has been phenomenal. In addition many thousands of dollars will be saved in transportation costs in stocking waters in southeastern Pennsylvania.

The Spring Creek project has served a two-fold purpose. Approximately a mile and a quarter of main Spring Creek was secured, together with a spring having a flow of three thousand gallons per minute. A complete stream improvement project was installed on the main body of the stream, which will serve as an outdoor laboratory for stream farming and stream improvement all over the State.

The Board also established a fishermen's laboratory, which is unique, so far as we know, in the country. The fishermen were allowed to come and enjoy the pleasure of catching the large trout, but to kill only a very limited number. All fishing was limited to artificial lure and barbless hooks, so that the captured fish that were replaced in the stream were unharmed.

The trout farm area has produced enough trout to pay for the land and all the improvements, so that it has already repaid its cost. The output this year will be considerably over a half million legal size trout.

The Spring Creek project as it is now developed will double the capacity of all our other trout hatcheries combined, and will greatly reduce the former cost of trout production. Thousands of dollars will be saved annually in transportation costs from this point, as it is located in the geographic center of the State.

### **Stream Improvement**

So that the carrying capacity of many of our trout waters could be greatly increased, the Board made a comprehensive study of the question, and through its efforts, hundreds of miles of waters are being improved throughout the Commonwealth, many through the Department of Forests and Waters and the various CCC camps. Several projects in different sections of the Commonwealth are already under way on stream improvement. The Federal Government has approved these and made

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loans to the various sportsmen's organizations for carrying on the work.

### **Publication “Pennsylvania Angler”**

One of the greatest needs of the Board was publicity, and there is now being published “The Pennsylvania Angler,” which each month places before those interested complete data as to what the Board is doing, articles on various species of fish, hatching, propagating, distribution, etc.

### **Depression Problems**

The greatest problem which faced the Board during the depression was that of prevention of fishing without a license in the areas where unemployment was the greatest. In the sections where this occurred, the Board, through its field men, and in cooperation with the various clubs, made a systematic study of the questions. Instead of placing violators in jail, a campaign of education was carried on, which in some of the counties increased the sale of licenses several hundred. In fact, in one county alone, there were 700 additional licenses issued through this effort. Fortunately for the work of the Board the year 1934 saw a considerable increase in income.

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	<i>Commercial Hatchery</i>	
	<i>Number</i>	<i>Value</i>
Total fish distributed 1927-1930 ..	1,383,274,400	\$2,077,078.01
Total fish distributed 1931-1934 ..	2,165,832,275	3,008,479.55

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# **Public Service Commission**

**C. J. GOODNOUGH, Chairman**

To the Governor,

Herewith is a report of the work of the Public Service Commission :

The Public Service Commission is fighting to cut utility rates to fit the depleted pocket books of Pennsylvania consumers. Early in 1932, the Commission adopted a resolution setting forth definitely its policy to effect reductions in electric rates. Subsequently the Commission supplemented that resolution with another in which it declared that 6%, instead of 7%, constituted a reasonable return upon the fair value of property used in rendering public service.

Thus, in effect, the Commission expressed the opinion that so long as present economic conditions existed, public service companies should reduce their charges in keeping with the lessened income of the average individual using their service.

## **Huge Savings to Public**

This activity has resulted in greater annual savings to consumers than had been effected in any previous four-year period of the Commission's history. During this time utility rates have been reduced a total of approximately \$7,399,000 per year. Of this total approximately \$5,065,000 is being saved annually at the present time, and the balance, \$2,334,000 will become effective early in January, 1935.

Moreover, the large majority of these savings were obtained without the long-drawn-out and costly processes of formal rate proceedings. Of these annual savings, \$3,325,000 came about as a result of the policy, established in 1932, of negotiating informally with utility officers for rate reductions. An additional \$1,414,000 annual saving was accomplished through a study of utilities reports, followed by letters suggesting lower charges. This saving came about, after the necessary preliminary work had been done, by the expenditure of the price of a few three-cent stamps. This was a good investment. It will continue. The savings resulting from the informal method affected thirty-nine utilities, serving the public in practically all sections of the State.

But the saving to utility consumers resulting from the use of informal methods is not reflected wholly in the rate reductions secured. The consumers receive the benefit of lower rates immediately, and the enormous expense and delay of protracted hearings usually encountered under formal procedure are avoided.

### **Fighting Unfair Rates**

However, sometimes formal proceedings cannot be avoided. The Duquesne Light Company, of Pittsburgh, one of the largest of the State's electric utilities, did not agree with the Commission's contention that it was earning more than a fair return, and recently refused the Commission's request for a rate reduction. The Commission promptly met that refusal by instituting a formal complaint on its own motion against the company, so that it will be able definitely to establish, in the manner provided by law, what the fair and reasonable rates to be charged to the electric users in Pittsburgh and vicinity should be. It is the Commission's intention to push this case vigorously to a conclusion.

The reductions achieved through formal proceedings amounted to \$1,740,000 annually.

In this connection it is interesting to note that of the twenty-three Commission decisions appealed to the courts in the last two years, nineteen were sustained by those courts.

### **Scranton-Spring Brook Case**

Among the noteworthy formal cases before the Commission during the past four years was the complaint filed by citizens of Scranton, Wilkes-Barre, and adjoining municipalities against the rates of the Scranton-Spring Brook Water Service Company. This is the largest privately-owned water company in the State and is believed to be the largest in the country. Numerous hearings were held producing a record of testimony and exhibits amounting to 15,000 pages.

Four appeals from the Commission's decision were taken to the Superior Court, one by the company and three by citizens of Scranton, Wilkes-Barre, and Pittston. On May 4, 1932, the Court remitted the case to the Commission for further action. On June 19, 1934, the Commission issued an order requiring the company to file new rates. The effect of that order is to produce a reduction in the cost of water to the consumers approximating

\$500,000 annually. At the present time the case is again before the Superior Court on cross appeals by the Wilkes-Barre consumers and the company.

The largest gas rate case before the Commission during the four-year period was that involving the Pennsylvania Power and Light Company. Complaints were filed by individuals and by the City of Williamsport and the Boroughs of South Williamsport and Muney. The taking of testimony began in April, 1932. Twenty-six hearings were held, the last in July, 1934. The case is now in the hands of the Commission for decision. The record contains 5,447 pages of testimony and 115 exhibits, 13 of which were introduced by the Commission.

### **Toll Cut from 25 Cents to 5**

One of the outstanding achievements of the Commission during this Administration was the successful fight waged by it clear through the courts of the State and the United States Supreme Court in support of its order reducing to five cents the tolls charged by the Clarks Ferry Bridge Company for every passenger car using the bridge. A few years ago the rate was twenty-five cents. This reduction affected the pocket book of thousands of motorists. The bridge crosses the Susquehanna River west of Harrisburg and is the connecting link between the east and the west for motorists using the William Penn Highway and the Susquehanna Trail.

The Commission instituted this case on its own initiative and fought it single-handed through the courts of Pennsylvania and finally in the United States Supreme Court. The Commission first had to defend its order in the State Superior Court. That court affirmed the Commission's order with the exception of a slight modification. The bridge company asked the State Supreme Court to review the Superior Court's decision affirming the Commission's order. The State's highest court refused, and from that refusal the company appealed to the United States Supreme Court which sustained the Commission. The thoroughness with which the Commission's case was prepared is shown by the fact that it was successfully prosecuted in every court to which it was carried.

Publicity has been given to every change in rates proposed by a utility. Notices setting forth proposed changes in rates, their extent and the territory affected, have been prepared by the

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Commission and sent to the interested newspapers and news services. The same wide publicity has been given to orders by the Commission and to new regulations promulgated by it.

### **Stops Rate Increases**

In 13 instances the Commission has exercised its power, conferred July 1, 1933, to suspend new tariffs providing for increases in rates. Following 3 of these suspensions the utilities filing the tariffs withdrew them and agreed to continue service at rates previously in effect. The remaining tariffs suspended have been or are now being studied by the Commission to determine whether or not increased rates are justified.

In addition to the savings heretofore cited, a large undetermined amount will accrue to subscribers of the Bell Telephone Company after February 15, 1935, as a direct result of an order made by the Commission on that company in 1933. After next February 15th all Bell patrons who have been using hand-set telephones continuously for two years will be relieved of the extra monthly charge of 25 cents now levied for those instruments. That is to say, from February 15th onward any Bell patron who has paid his 25 cents monthly charge for two years will thereafter save \$3.00 per year on his telephone bill. The Pennsylvania Commission was one of the first regulatory bodies in the country to take definite action toward removing the extra charge for the use of hand-set telephones.

### **Fights High Freight Rates**

The Commission achieved equal success in the field of railroad rate regulation. Reduced rates were fixed on the transportation of bituminous coal from all mines in the State to destinations east of the Susquehanna River, for the transportation of all sand used in industry, and on the transportation of limestone from the Lebanon Valley to eastern steel and cement mills. Reductions in the coal and limestone freight rates will result in annual savings to the shipping public of about \$800,000 and \$300,000, respectively. All of these proceedings were conducted by the Commission under the plan of cooperation with the Interstate Commerce Commission, similar issues involving interstate commerce being before that body.

Reductions made effective in August, 1932, in the intrastate rates on bituminous coal in Ohio to destinations in Northeastern

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Ohio lost to the bituminous coal industry of Western Pennsylvania the mining of 10,000,000 tons of coal annually which had moved into the Ohio market prior to that time. The Commission vigorously supported the operators clear through to the United States Supreme Court in contesting the reduction in Ohio rates without corresponding reductions from Pennsylvania mines.

The result was a complete victory. The relation of the rates was re-established, and Pennsylvania's bituminous coal industry is regaining the 10,000,000 ton annual business it had lost in the Ohio markets. The recovery of this tonnage has had an effect upon the Western Pennsylvania coal producing districts which cannot be estimated in dollars and cents.

In the Pittsburgh district the steel industry faced an increase in production costs of over \$1,000,000 a year by reason of a mileage scale of freight rates which had been made effective in 1930 and which increased the rates on iron and steel for inter-mill movements within the district. These increases seriously threatened the industry in that district. The Commission lowered the scale rates for distances of 100 miles and less, not only for the Pittsburgh district, but for all steel producing points in Pennsylvania. Later, the rates so ordered were applied throughout the territory east of the Mississippi River. Here again it is not possible to calculate in dollars and cents the value to the public of these reductions.

### **Common Carriers by Motor Truck and Motor Car**

The depression caused a change in the merchandising practices of wholesale and retail merchants, resulting in the necessity to reduce costs and carry smaller inventories. This change in turn created a need for more rapid and frequent deliveries, smaller shipments and lower rates than could be offered by the railroads. The motor truck met this need. It met it not only because it was best fitted for the task but also because many unemployed persons were able to render the service at a very low cost with motor trucks purchased on the second-hand market at unusually low prices. The number of motor truck operators increased tremendously during the depression.

On January 1, 1932, only 187 persons or corporations were authorized by the Commission to transport property by common carriage in Pennsylvania, but about 10,000 operators were actually engaged in such service without Commission approval.

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As a result of the inroads which the freelance operators were making upon the revenues of the certificated truckers, the latter filed many complaints with the Commission. Thereupon the Commission started a vigorous campaign to bring the uncer-tificated operators under the law. Since January 1, 1933, ap-proximately 9,500 applications have been filed by truckers for certificates of public convenience, and approximately 8,500 cer-tificates have been issued.

The Commission requires that all holders of certificates au-thorizing transportation of property must provide liability and property damage insurance. Enforcement of that requirement revealed that the majority of those engaged in the trucking business when the Commission began enforcing its trucking regulations did not carry insurance. The shipper was at the mercy of the trucker carrying his goods. Today, insurance is being carried on approximately 30,000 trucks previously with-out insurance.

The trucking industry in Pennsylvania has been regulated, so far as it is conducted by common carriers of property. The regular transportation of general merchandise by unauthorized truckers has been to a large extent eliminated. Cut-throat rates and hijacking of routes are going out of the trucking picture to the benefit of the reputable trucker and shipper alike.

This increase in the number of certificated truck operators has been felt all along the lines of the Commission's activities. It has resulted in huge increases in the number of conferences and hearings held, and in tariffs and annual reports filed and subjected to analysis.

The past four years also saw a stricter enforcement by the Commission of its regulations looking to the protection of motor bus and taxicab riders, and the pedestrian as well. The free-lance bus operator and taxicab driver, affording no insurance protection to rider or pedestrian in the event of accident, are rapidly being removed from our highways and streets. Before either can obtain Commission authority to operate, he must fur-nish evidence that he carries adequate public liability insurance.

The Commission has removed the limitation that held the in-dependent taxicab operators in Philadelphia to picking up pas-sengers from a certain stand or stands. All independent opera-tors in that city at the time the restriction was removed, who complied with the Commission's requirements and applied for

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it, have been given city-wide rights. Heretofore, those rights were enjoyed only by the three big corporate taxicab companies in Philadelphia.

### **Grade Crossings**

Safeguarding the lives of the motoring public and of pedestrians through the elimination of dangerous grade crossings or the ordering of additional protection at existing crossings was given careful consideration by the Commission in the past four years.

While improvements of this character declined, due to the prevailing financial situation, they were pushed wherever found imperative. Railroads and municipalities were unable to participate in the cost as in former years. However, the projects that were undertaken gave employment to a large number of persons. Practically 35 per cent of the money expended on this work went to employ common labor.

As a result of Commission orders, 66 grade crossings were eliminated during the past four years, 45 bridges made safe, 27 new bridges built to replace inadequate and unsafe ones, and 22 highways relocated in the interest of safety. The combined cost of these improvements totaled \$16,944,000. During the same period 212 heretofore unprotected grade crossings were made safer by the installation of automatic flash light signals because of Commission orders.

During this Administration, the Commission issued orders for the elimination of grade crossings involving two costly projects. One was in Rochester, Beaver County, requiring an expenditure of upwards of \$2,000,000. The other, in Norristown, Montgomery County, cost approximately \$2,500,000. The latter is the second largest grade crossing improvement in the history of Pennsylvania.

Another engineering project of great magnitude to come before the Commission was an application to construct a vehicular tunnel under the Delaware River between Pennsylvania and New Jersey. The permit was granted by the Commission on April 3, 1934, subject to all the terms and conditions of Act of Assembly No. 25, approved December 22, 1933, and also subject to certain additional conditions which the Commission deemed advisable to fix in the interest of the public.

### **Rural Electrification**

Progress in rural electrification was somewhat curtailed during these last four years because of the depression.

In spite of these adverse conditions, 3,816 miles of new lines have been built into rural areas since January 1, 1931, with an approximate investment of \$7,602,500. These lines brought service to 41,067 new customers, of which number 7,775 are classified as farms. This means that because of the Commission's efforts, the comforts and benefits of electric service have been made available to approximately 200,000 additional people in the country districts, even though economic conditions were opposed to new construction work.

In addition to the work done to bring electric service into new areas, the Commission has been active in bettering the terms and conditions under which this service could be obtained in the rural areas. It has succeeded in obtaining reductions applicable over a large part of the State, reducing the basic rate requirements by about 10 per cent.

### **Other Matters**

Unrestricted access to the annual reports which utilities are required to file with the Commission was given to the public in 1932, as the result of the revision of an order adopted in 1929, barring the public from these records.

Municipalities and other patrons of utilities, actuated by shrinkage in income due to economic disturbances, have used these reports freely in their search for facts to determine their chances for success should they institute proceedings which might result in rate reductions for themselves.

The 1933 amendment to the Public Service Company Law imposed additional administrative burdens upon the Commission. All of these obligations have been carried by the Commission with a very slight increase in its regular staff.

Of 617 securities cases coming before the Commission during the four-year period, either upon certificates of notification or upon application for approval, the Commission refused 12, involving \$5,940,500 par value of securities. In the preceding four years only 3 out of 1,299 issues were prevented, and these 3 were with respect to only \$155,000 of securities.

Effective January 1, 1933, the Bureau of Rates and Tariffs was merged with the Bureau of Accounts under the title of

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Bureau of Accounts, Rates and Statistics, and the Bureau of Accidents was merged with the Bureau of Engineering.

These mergers resulted in better coordination of the work. As a result of the consolidation of filing, stenographic and other functions, additional employes were made available for other necessary activities.

During this Administration the Commission showed a general tendency toward coordination of procedure and modernization of its methods. For example, in the latter part of 1932 the Commission prescribed a new form of certificate of notification requiring sufficient publicity upon utility securities issues to prevent most doubtful transactions. This form took the place of two others which had been drafted in 1915. Another example is the thorough revision of the form of annual report filed with the Commission by electric utilities. This form will be sent out for use in reporting 1934 operations, and its inherent characteristics will subsequently be applied to other types of public service companies. For the past year the Commission has been preparing certain revisions to its uniform classifications of accounts, rendered necessary as a result of the changes in utility practices. These revisions are now in a tentative stage, and after the utilities interested have been given an opportunity to be heard, the Commission will act finally upon them.

Informal complaints against utilities received by the Commission during the past four years exceeded by more than 10,500 the number made in the preceding four years. During this Administration, 15,622 informal complaints were filed with the Commission. In the preceding four years the number was 5,050. Most of these complaints were made by letter. That meant that each one of these many thousands of letters had to be acknowledged. It meant also that each complaint had to be taken up by letter with the utility involved. Then followed a careful study of the complaint in an effort to iron out the difficulty. The writing of more letters to both parties usually followed before the case was finally concluded to the satisfaction of the complainant or by a complete explanation why it did not lend itself to informal adjustment.

Adjusting informal complaints is one of the most important duties of the Commission. Through this work thousands of small consumers have been spared the expense of going into formal hearings which often result in long-drawn out proceed-

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ings before the Commission and frequently finally find their way into the Courts. It is impossible to measure in dollars and cents, the money that has been saved consumers in this manner.

Briefly then, here is what the Commission accomplished for the people of Pennsylvania during the past four years:

1. Saved \$7,399,000 annually in their electricity, gas and water bills for the people of Pennsylvania over the four-year period.
2. Handled and disposed of more work in the interests of the public during the period than ever before in its history. This was done at only a slight increase in cost and that increase came back to the taxpayers in more efficient service and greater results.
3. Brought order out of chaos in the trucking industry of the Commonwealth to the benefit of the legitimate trucker and the general public.

# **Board of Game Commissioners**

**ADOLPH MULLER, President**

To the Governor,

Herewith is a report of the work of the Board of Game Commissioners.

## **Land Purchases**

The primary achievement of the Board during the past four years was an unprecedented extension of our land purchase program. At the beginning of the Administration there had been purchased by the Game Commission 212,130.2 acres at a cost of \$788,721.69. During this Administration up to November 15, this acreage has been more than doubled, so that by November 15, 1934, there was a total of 45,298,467 acres of State Game Lands purchased at a cost of \$1,634,393.32. The acreage purchased during the Administration amounts to 240,854.4 acres and cost \$845,671.63.

Most of this area was set aside as public shooting grounds, although there were also established for the future preservation of our native game 79 additional game refuges comprising 24,229.7 acres. This brings the total number of sanctuaries on which wild life is protected at all times to 182 with a total area of 126,812.7 acres.

Pennsylvania was the first state to establish a game refuge, in 1905. The Pennsylvania Game Refuge System is today generally conceded to be the finest in the United States—in fact it has been carefully studied by conservation officials of no less than six foreign countries.

## **Game Propagation**

During the past four years the State Game Farm System has made a long and important series of advancements until it has now reached a point where it is superior to any other.

A new farm for rearing ringneck pheasants and experimenting in rabbit propagation, known as the Loyalsock State Game Farm, was established in Lycoming County, bringing the total of these game producing areas to four. The three farms previously established were brought up to a point of the highest efficiency, and, through the hearty endorsement of the Administration, there was established electrical equipment of the latest type to

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supplant the old chicken hen method of pheasant and wild turkey propagation.

In 1930, under the old methods of propagation, the two pheasant farms produced a total of 6,638 ringneck pheasants, while in 1933, the first year under the new mechanical methods, these two farms produced a total of 21,971 ringneck pheasants, while 4,429 bob-white quail were raised at the Fisher State Game Farm, in Montgomery County. Likewise, at the State Wild Turkey Farm in 1930 a total of 37 turkeys were raised and released, while with the new mechanical equipment employed during the present Administration, the total was 1,040 birds.

The Pennsylvania Game Farms in 1934 set a production record never before equaled by any state or privately owned game farm system. From January 1, 1934, to September 20, 1934, the four State Game Farms have shipped the following birds for restocking purposes: 43,995 ringneck pheasants, 5,325 bob-white quail, 2,090 wild turkeys, and 833 wild ducks.

### **School for Protectors**

Another important step forward was the establishment of a Training School for Game Protectors which has greatly increased the efficiency of the law enforcement division of the Department. This school, modern in every respect, is located on Refuge No. 54, in Jefferson County, near Brockway. Here, six weeks out of each year, all Game Protectors and other field personnel of the Game Commission must report and undergo a rigid program of training.

The tremendous influence of a school of this sort cannot be over-estimated. Since its inauguration several other states have seen fit to indorse similar institutions. The days of the old time game warden have passed. During his time practically all that was needed to insure proper game law enforcement was a thorough knowledge of woodcraft. In this modern day and age, however, the requirements of this position have increased a hundred fold. Today the Game Protector must not only be versed in woodcraft; he must know every phase of the law and how to handle efficiently all cases which come before him. He must be sufficiently educated to be able to meet diplomatically all kinds of people—business men, professional men, miners, mill workers, farmers, etc. Today there are over seven hundred regularly organized sportsmen's associations in Pennsylvania,

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all of which conduct some kind of a program throughout the entire year, and all apply to their local Game Protector for aid.

### **Other Work**

Other important work may be summarized as follows:

(a) As a means of keeping in closer touch with our sportsmen, and to stimulate further our educational program the Commission adopted an official monthly magazine called the "Pennsylvania Game News," which is published on a subscription basis of fifty cents per year. This publication has become tremendously popular.

Our regular educational program was extended considerably through the production of many new motion pictures. Three full-time lecturers, fully equipped with motion picture projectors and complete series of film are now employed to carry the message of conservation throughout the Commonwealth.

(b) The largest sale of hunting licenses took place in 1931, when 572,779 were issued. The second high mark was reached in 1932, when 537,451 were sold.

(c) Hunting accidents, reduced by constant publicity on the part of the Commission, reached, in 1933, their lowest ebb since 1913.

(d) The first open season on beaver in the history of the Commonwealth was declared in 1934, and 6,455 were trapped.

(e) In 1932, 5,524 tons of game, having a food value of over \$10,000,000 were taken.

(f) The annual value of the fur-bearing animals taken during the past four years amounted to between \$600,000 and \$700,000.

(g) The value of our bounty system was emphasized during the past four years when thousands of needy people were able to earn enough to live on through the money they received in bounty payments and the subsequent revenue derived for the pelts so acquired.

All of these accomplishments and activities including the extra duties made necessary through the CCC and CWA programs were carried on without the employment of additional personnel.

# The Pennsylvania Liquor Control Board

**ROBERT S. GAWTHROP, Chairman**

To the Governor:

Herewith is a report of the Pennsylvania Liquor Control Board since its creation.

The Act creating the State Liquor Stores set January 1, 1934, as the date for the opening of the stores and it was necessary, in the short space of three weeks, to locate store sites, make store alterations, purchase and install equipment, make personnel available and instruct them in their work, and purchase liquor in sufficient quantities and varieties to stock the stores. Administrative positions and policies had to be set up, as well as an accounting system of sufficient scope and flexibility to take care of an almost unknown volume of business.

Through the cooperation of the Department of Property and Supplies and the Department of Highways stores were obtained and equipped. The Department of Public Instruction held Civil Service examinations and employes were made available by December 26. The work up to that time was carried forward by help recruited from the various State Departments.

On January 2, 63 stores and five warehouses opened for business with a personnel of 544 managers and clerks. Seventy-one persons were employed in the administrative offices in Harrisburg. By the end of the month 232 stores were in operation and the total sales had amounted to \$1,796,976.79.

At the present time there are 270 stores with a personnel of 1,285 and administrative offices with a personnel of 322.

Sales to December 1 have amounted to approximately \$34,-000,000 and estimated sales of \$6,000,000 for the month of December will bring the total sales for the first year to \$40,000,000.

For the period from January 2, to October 27, the stores operations showed a profit of \$3,571,418.34. Floor tax collections by the Department of Revenue for the same period amounted to \$2,153,927.20. Since floor tax is included as part of the cost of liquor to the Board, and since it is not paid for by the distillers until they receive payment from the Pennsylvania Liquor

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Control Board, the floor tax can properly be added to the state stores profit in order to arrive at the net yield to the State from liquor control. Therefore, the total net yield for this period amounts to \$5,725,345.54. (See also financial statements of the Board at the end of this report.)

### **Allocation of Profits**

All of the profits from the operations of the State Stores for the present biennium have been allocated for unemployment relief and for pensions for the blind.

### **Reorganization**

Under a plan of reorganization effective the first of the year there will be three warehouse districts instead of five, which will result in an approximate saving of \$40,000 annually.

More direct supervision of stores operations was begun on November 26, by dividing the State into 12 sub-districts, each district with a District Supervisor in charge. This will tend toward closer organization and will insure the carrying out, in the field, of the administrative policies formulated by the Board.

Analysis of the expense of operation for the past ten months has been made, and the Board expects to save from 2 to 3 per cent in the operation of the stores the second year of operation, by its reorganization and economy plans.

### **Licensing and Enforcement**

By the provisions of the Liquor Control Act eight employees of the former Alcohol Permit Board were transferred to the Liquor Control Board. These became the nucleus of the present Licensing and Enforcement organization.

The licensing of retail establishments to sell by the drink for December, 1933 (the act was approved November 29) and for the year 1934 was accomplished almost entirely through the aid of the State Police and the Department of Revenue. The work needed to be done rapidly and the Board could not hire and train employees in the very short time available. The State Police and the State Highway Patrol did excellent work in the emergency in conducting a detailed examination of the premises of every establishment which could be expected to apply for license and in preparing individual reports.

## *Appendix—Liquor Control Board*

While the investigations in the field were going on, applications for liquor licenses were being drawn so that, as soon as the law was approved, everything would be in readiness to provide liquor licenses to places desiring them by December 6, 1933. A large force of clerical help was borrowed from the various departments and agencies, and the work was carried on under the direction of the Bureau of Motor Vehicles, Department of Revenue.

With the arrival of the first applications, the Liquor Control Board was faced with the necessity of determining policies as to what constituted "a responsible person of good reputation" and just what "a reputable establishment" was. The work to be done was new to everyone connected with it, there being no trained employes, but despite this there were over six hundred licenses in the hands of proprietors of establishments on the evening of December 6, when the sale of liquor became legal. The Board continued to use temporary help and borrowed help until the beginning of January, when employes from the Civil Service lists were available. After February 1, all of the work previously done by the temporary help was taken over by persons who had successfully passed the examinations.

For purposes of enforcement four district offices were located in Philadelphia, Wilkes-Barre, Pittsburgh, and Harrisburg. The total of employes engaged in the work of Licensing and Enforcement on November 1, 1934, was 148 with total annual salaries of \$267,020.

### **Manufacturing Licenses**

Issued up to November 1, 1934:

<i>Class of license or permit</i>	<i>Number of licenses or permits</i>	<i>Fees collected</i>
Distilleries and Rectifiers..	37	\$127,600.00
Breweries .....	133	127,100.00
Wineries .....	3	750.00
Bonded Warehouses .....	6	525.00
Transporters for Hire .....	79	5,700.00
Bailee for Hire .....	17	1,225.00
Total .....	275	\$262,900.00

## *Appendix—Liquor Control Board*

During the year public hearings were held on 45 applications for licenses or permits, of which 43 were approved and two refused.

From January 1, 1934, to November 1, 1934, there was \$11,306.17 recovered from bond forfeitures.

### **Retail Licenses**

Issued up to November 1, 1934:

<i>Class of license or permit</i>	<i>Number of licenses or permits</i>	<i>Fees collected</i>
Hotels .....	1,779	\$422,862.50
Restaurants .....	6,983	2,276,562.50
Clubs .....	2,419	129,887.50
Importers .....	63	6,300.00
Public Service .....	329	6,275.00
Sacramental Wine .....	10	1,000.00
 <b>Total .....</b>	 <b>11,583</b>	 <b>\$2,842,887.50</b>

During the year transfers numbering 447 were approved, and from this source the Board received \$8,940 in transfer fees.

The total amount of application filing fees collected during the period was \$142,210.

Bond forfeitures during the period amounted to \$8,000.

During the year, 416 public hearings were held by the Board on applications for licenses, resulting in 288 approvals and 128 refusals. During the same period, 186 petitions from refusals of the Board to grant licenses were presented to the courts of the various counties.

The Board during this same period petitioned the courts for 282 revocations of licenses, due to violations, misstatements of fact, etc., and secured in the period 29 revocations, one having been refused. The courts in 28 instances ordered suspensions rather than revocations as were asked for by the Board. Thirty-nine cases were returned by the Attorney General's Department where the Board had asked for revocations, because of insufficient evidence, in their opinion, to secure revocation. At the time of writing this report there are 185 requests for re-

## *Appendix—Liquor Control Board*

vocations in the hands of the Attorney General's Department, to be acted upon by them.

During the period of January 1, 1934 to August 1, 1934, there was paid to municipalities and school districts \$2,719,-112.50 from the Liquor License Fund.

### **Enforcement**

On or about April 1, 1934, 4 District Offices were established, each with a definite part of the State to be covered. By April 16, 1934, there were assigned to these offices 39 Enforcement Officers, whose duty it is to make investigations of applicants for licenses as to character, etc.; to inspect the premises for which the license is being asked; to follow up complaints of violations of the Liquor Control Act with respect to illegal manufacture of liquor, illegal possession and sale, sales on Sunday or Election Days, sales to minors, tax evasion, and many other duties directly connected with liquor control.

The volume of work was soon found to be too heavy for this force. Therefore, in June, 1934, 48 additional Enforcement Officers were added. Thus, on November 1, 1934, the total number of men engaged in this work was 86, three resignations having taken place during the year.

There were 2,345 actions instituted by the Enforcement Officers from April to November. Of these 99 were discharged by Magistrates because of lack of evidence and 811 were disposed of on summary convictions in which cases fines of \$25.00 each were imposed. These cases represented actions where small quantities of illegal liquor were found in the possession of the defendants. The balance of the actions, 1,435, were bound over by the Magistrates for court. Of this number, 106 cases were ignored by the Grand Juries, true bills have been found against the defendants in 631 instances, convictions were secured in 426 cases, and in 91 instances the defendants were discharged by the juries and found not guilty, leaving 812 cases pending before the courts as of November 1, 1934.

The sentences imposed by the courts in cases where convictions were obtained have been varied and not in strict conformity with the penalty clauses of the Liquor Control Act. On the subject of fines to be imposed by the court, the Board has recently received an opinion from the Attorney General's Department to the effect that, in their opinion, the court cannot impose

*Appendix—Liquor Control Board*

a lesser fine than is provided for in the statute. However, the courts seem to differ on this and are using their own discretion as to the disposition of the cases.

There were 456 stills confiscated by the officers of the Board, and the amount of illegal liquor confiscated at the same time amounted to 25,358 gallons.

*Appendix—Liquor Control Board*

CONSOLIDATED OPERATING STATEMENT OF THE  
PENNSYLVANIA LIQUOR CONTROL BOARD  
JANUARY 2, TO OCTOBER 27, 1934

SALES: .....		\$30,047,152.83
<b>LESS: Cost of Sales:</b>		
Costed into Stores .....	\$21,978,951.30	
Federal Tax Paid-Not Costed .....	200,000.00	
Reserve for Contested Federal Tax .....	360,000.00	\$22,538,951.30
Less: Discount on Special Sales Mer- chandise .....	14,644.45	22,524,306.85
<b>GROSS PROFIT FROM SALES .....</b>		<b>\$7,522,845.95</b>
<b>LESS:</b>		
Store Operating Expense .....	2,610,383.89	
Warehouse Expense .....	475,840.71	3,086,224.60
<b>GROSS OPERATING PROFIT .....</b>		<b>\$4,436,621.38</b>
<b>LESS: ADMINISTRATIVE EXPENSE:</b>		
Board and Secretary Of- fices .....	\$62,112.01	
Real Estate and Building Inspection .....	12,139.92	
Headquarters Building Expense .....	29,467.55	
General Administrative ..	25,432.48	
Field Auditing and In- spection .....	46,053.06	
Accounting and Financial Control .....	224,775.40	
Purchasing .....	53,245.72	
District Offices .....	54,330.52	\$507,556.66
<b>PROFIT AFTER DIRECT STORE EXPENSE .....</b>		<b>\$3,929,064.72</b>
<b>LESS: OTHER ITEMS</b>		
Licensing .....	\$43,478.38	
Enforcement .....	170,253.96	
Reserve for Fire Loss ..	50,000.00	
Reserve for Inventory Loss .....	250,000.00	
Reserve for Federal License Tax .....	25,000.00	\$538,732.34
<b>NET OPERATING PROFIT .....</b>		<b>\$3,390,332.38</b>
<b>OTHER INCOME:</b>		
Interest on Bank De- posits .....	\$8,878.99	
Miscellaneous Income ..	10,822.85	
Discount on Purchases ..	3,213.12	\$22,914.96
<b>NET PROFIT FROM STORES .....</b>		<b>\$3,413,247.34</b>
<b>INCOME FROM OTHER SOURCES: LIQUOR LI-         CENSE APPLICATION FEES .....</b>		<b>158,171.00</b>
<b>NEW PROFIT .....</b>		<b>\$3,571,418.34</b>

*Appendix—Liquor Control Board*

PENNSYLVANIA LIQUOR CONTROL BOARD  
BALANCE SHEET  
October 27, 1934

ASSETS			
<b>CURRENT ASSETS:</b>			
Cash-State Stores Fund (in Treasury) .....	\$ 1,249,462.15		
Change Funds .....	65,875.00		
In Transit (from banks) .....	775,566.21	\$ 2,090,903.36	
Claims and Accounts Re- ceivable .....		549,112.15	
<b>Inventories:</b>			
Liquor .....	14,862,221.34		
Liquor in Bonded Warehouses .....	30,519.85		
Damaged Liquor (Claims Receivable)	15,030.56	14,907,771.75	
<b>TOTAL CURRENT ASSETS</b> .....			\$17,547,787.26
<b>FIXED ASSETS:</b>			
	Cost	Reserve for Depreciation	Net
Alterations and Improve- ments	\$687,085.87	*\$358,335.11	\$328,750.76
Machinery and Equip- ment	222,195.16	14,655.40	207,539.76
Motor Vehicles	27,969.39	3,520.88	24,448.51
<b>TOTAL FIXED ASSETS</b> .....			560,739.03
<b>DEFERRED ASSETS:</b>			
Prepaid and Deferred Charges			
Miscellaneous Stores and Supplies ..		35,498.57	
Prepaid Bond and Insurance Prem- iums .....		15,364.58	
<b>TOTAL DEFERRED ASSETS</b> .....			50,863.15
<b>TOTAL ASSETS</b> .....			\$18,159,389.44

\* Reserve for Amortization

## *Appendix—Liquor Control Board*

### **LIABILITIES AND CAPITAL**

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#### **LIABILITIES:**

##### **CURRENT LIABILITIES:**

###### **Accounts Payable:**

Liquor Vendors .....	\$12,696,065.07
Special Liquor Order Invoices .....	204,871.02
Unaudited Liquor Vendor Invoices ..	862,151.91
Miscellaneous Ex- pense .....	66,713.85
Unaudited Expense ..	34,273.61
Rents .....	2,158.25
	<hr/>
Deposits on Special Liquor Orders ..	35,335.95

<b>TOTAL CURRENT LIABILITIES .....</b>	<b>\$13,901,569.66</b>
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##### **RESERVES:**

Reserve for Contested Federal Tax ..	360,000.00
Reserve for Fire Loss .....	36,061.11
Reserve for Inventory Loss .....	235,340.33
Reserve for Federal License Tax ....	25,000.00
	<hr/>
<b>TOTAL RESERVES .....</b>	<b>656,401.44</b>

##### **CAPITAL AND SURPLUS:**

Appropriated Capital .....	2,000,000.00
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Surplus .....	3,571,418.34
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Less: Appropriated to Department of Welfare	470,000.00
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Appropriated to Unemployment Relief	1,500,000.00	1,970,000.00	1,601,418.34
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<b>TOTAL CAPITAL AND SURPLUS .....</b>	<b>3,601,418.34</b>
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<b>TOTAL LIABILITIES AND CAPITAL .....</b>	<b>\$18,159,389.44</b>
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# Milk Control Board

**EDWARD A. STANFORD, Chairman**

To the Governor,

Herewith is a report of the work of the Milk Control Board since its inception.

The work of the Milk Control Board has been initiative in character. The present law was enacted in the 1933 Special Session. No precedent existed for the guidance of the board.

The Board recognized both the vastness and the complications of the undertaking. The size of the industry it was attempting to regulate, the millions of dollars worth of the commodity involved, and the many intricate ramifications that the different branches of the industry embraced, together with the fact that here was an industry that had never enjoyed or had imposed upon it any sort of economic regulations by the Commonwealth contributed to the vastness of the problem. Its complications were presented in several aspects, among them the extreme perishability of the commodity, its daily collection from a multitude of sources, and its daily redistribution to even more numerous points of sale or disposal. To modify drastically any of the practices in vogue might have resulted in throwing the production and distribution of this necessity of life into chaos.

The policy of the Board has been that of keeping all milk moving in its logical channels and at the same time correcting practices which were of financial disadvantage to the producers and consumers. Marked progress has been made and the industry has been materially stabilized. A healthy confidence in the aims and work of the Board has been built up.

This stabilizing influence has been instrumental in returning to producers of milk in the Commonwealth millions of dollars more than would have been returned under an unregulated condition, and the milk industry has been saved from disastrous price-cutting and milk wars more serious than any yet faced.

## Hearings

Early in February, a schedule of public hearings was adopted and hearings were held in Erie, Philadelphia, Pittsburgh, and Harrisburg for the purpose of taking testimony and procuring information.

## *Appendix—Milk Control Board*

The market in the Erie District was demoralized and the Board issued an emergency order on February 28 fixing the wholesale and retail price of milk to consumers and the price to be paid to producers, together with regulations of records of dealers' method of payment, trade practices, and sales quantity control for the district. This order immediately stabilized the market in Erie and stopped the spread of a milk war which was imminent in several markets of the State.

### **Orders**

The Board issued, on March 30, 1934, its first general State-wide Order, in which it divided the State into three separate Milk Marketing Areas—establishing for each area a minimum price to be paid producers, a minimum wholesale and retail price to be charged consumers, retail price differentials to stores, retail and wholesale prices in border cities and towns and isolated towns and rural communities, terms of payment, records of dealers, trade practices, and sales quantity control. This Order was followed by General Order No. 8, issued May 25, and its subsequent amendments Nos. 9, 10, and 12. Official General Order No. 13 was issued July 13, and its amending Official Orders Nos. 14, 15, and 16. The final Official Order No. 17 was issued September 27. These orders and their amendments corrected situations arising from change of market conditions or volume of production.

### **Enforcement**

Up to November 27, the Board cited 53 dealers for hearing. Nine hearings were held to determine whether or not licenses should be revoked. Amicable settlements were arrived at in each case without revocation of licenses.

The books and accounts of 84 milk dealers have been audited; 18 of these dealers have been cited for hearings on violations of General Orders and 16 hearings have been held, resulting in the revocation of three licenses. Two criminal prosecutions were instituted, one of which was terminated by the offender's immediately complying with the regulations. The other case is being tried. At the present time, there are daily hearings being held on other violations disclosed by the audits.

*Appendix—Milk Control Board*

Four hundred and forty-two surety bonds and 331 collateral bonds have been filed in accordance with the Act. These have a total value of \$2,246,608.95. Milk dealer's licenses have been issued to 3,328 dealers. All producer-dealers selling less than 3,000 pounds of milk per month have been exempted from securing a license.

**Revenue**

The receipts to the Board's special fund have totaled \$63,-196.05.

# **State Planning Board**

**LEWIS E. STALEY, Chairman**

To the Governor,

Herewith is a brief report of the work of the State Planning Board.

President Roosevelt, in July, 1933, appointed a National Planning Board in the Public Works Administration. This was merged with the National Resources Board on June 30, 1934. The purpose of the latter board, according to the Executive Order creating it, was "to prepare and present to the President a program and plan of procedure dealing with the physical, social, governmental and economic aspects of public policies for the development and use of land, water and other National resources and such subjects as may from time to time be referred to it by the President."

Planning for the needs of a people is by no means a new movement. Its desirability has long been recognized. In the United States the movement has been thought of most often as town planning with adequate facilities for housing, transportation, recreation, zoning, or as metropolitan area planning in which contiguous, economically interdependent communities are defined by such things as the extent of free delivery from centrally situated stores, as distinct from political boundaries.

The Philadelphia-Tri-State Regional Plan, the Regional Plan for New York and the planning for Allegheny County are admirable examples of the latter. Their purpose is to provide a broad framework to which all future detailed plans of the various communities can be made to conform and, to a certain extent, be adapted to state-wide purposes.

The natural next steps were National and State planning. But National planning in the United States, if it is to be successful, must be a cooperative effort. The action of the State and of the National government are mutually interdependent.

The National Board, therefore, undertook to encourage the establishment of state planning boards by offering to supply to state boards for a limited period the services of competent consultants. As a result, in some states planning boards have been authorized by the legislatures to continue their work. Similar action is expected within the next few months in others.

## *Appendix—Planning Board*

A State Planning Board for Pennsylvania was appointed on July 23, 1934, by Governor Pinchot.

The task of the Board was to lay the foundation for a sound State plan—one that would be, insofar as is humanly practicable, directive—a set task—not a mere forecast. In this report will be found many facts and conclusions which not only demonstrate the need for a State plan but which can form the basis for one.

Some of the fundamental problems before the Commonwealth include the location and trends of population, the wealth of the State and the buying power of its people, housing, working conditions, unemployment, mineral and water resources, competitive situations faced by such important industries as coal and iron, changing agriculture, transportation, education, social security and welfare.

In studying these subjects, the Board has considered, in general, a program looking ten years into the future.

A number of facts stand out. On these are based the main recommendations submitted by the Board. The supporting data will be found in the main body of the Report.

The various departments of the State government have done a vast amount of planning, each in its own field. They should continue to do so. None, however, has drafted a comprehensive plan embracing the purposes and needs of all the others in relation to itself.

Consequently, one of the recommendations contained in this Report is for a State Planning Secretary with the same official status in relation to the Chief Executive as is now the case of the Budget Secretary, and a permanent board of outstanding citizens and department heads.

The Planning Secretary would supervise State planning as the direct representative of the Governor and correlate State and Federal activities in this field.

Such a State official would correlate the planning by the various departments of the State government. Inventories of State resources would be made under his direction and kept up to date. Provision also should be made for special studies to assist the Legislature, if requested. The suggested legislation should provide for evolving short range plans to meet immediate needs which may arise and for long term planning.

The outstanding conclusions developed from the Board's re-

## *Appendix--Planning Board*

search do not form an integrated plan that will assure everyone in Pennsylvania reasonable security in an adequate standard of living. But they do look forward to that end.

If the suggestions included in this Report are adopted, they should insure a better opportunity for all citizens. They should assist in laying the basis for the integrated planning that must become a part of our united thinking.

The State Planning Board wishes to express its gratitude for the cooperation of the Governor and members of his Cabinet. The departments have provided invaluable assistance.

It also thanks the National Resources Board for the services of its Director and its Consultant, and the Work Division of the State Emergency Relief Board for authorizing use of the funds necessary for the employment of its staff.

The Board also is especially appreciative of the hard work done so generously by many employes of the State, frequently in periods outside their regular working hours. Many individuals in the Federal service or with private agencies have given unstintingly of their time in the preparation of sections of this Report, in reviewing portions and in advising with the members and staff of the Board.

The Board also extends its thanks to the authors of certain sections of this Report, whose names appear as footnotes on the first page of such sections.

### **PRINCIPAL FINDINGS AND RECOMMENDATIONS\***

#### **Findings**

##### **Population**

Pennsylvania's population shows a tendency to stabilize by 1960.

The birth rate probably will continue to decline.

The death rate, now declining, will begin to rise in another decade or two as the average age increases.

There will be fewer children and more adults.

##### **Land and Its Utilization**

From 1910 to 1930 taxes on Pennsylvania farm lands increased 159 per cent, farm mortgages 85 per cent and investment in machinery and implements 165 per cent.

From 1910 to 1930 prices of farm products increased only 47 per cent.

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\* See body of report for others.

## *Appendix—Planning Board*

The State lacks a long time program of forest redevelopment. The State needs information on flood control.

Many streams and other bodies of water necessary to human life are badly polluted.

Changes of tremendous importance have displaced many workers in the State's mineral industries, resulting in deserted areas or stranded populations in some cases, and destitution in many others.

### **Working and Living Conditions**

Working conditions, minimum wages and hours of labor have improved and are continuing to improve as one of the results of the NRA, but many classes of workers remain whose conditions require further consideration.

Income is most unequally distributed.

Marked technological improvements have increased the output per individual in the State's industries to such a degree that no places would be available for many now unemployed if business regained its former activity.

In the last 15 years relatively few dwellings have been constructed within the price range of a majority of the people.

If business activity were to increase and cause reemployment, families now doubling up would find a shortage of separate houses.

Less than one-third of the farm families in Pennsylvania use electricity.

The State lacks a program for the security of individuals but does make limited provision in certain instances through Mothers Assistance, Old Age Pensions and Pensions for the Blind.

The Government has failed to accept the obligation to provide employment or to assume proper responsibility for industrial workers involuntarily unemployed by industry.

It is inconceivable, particularly in mass production industries, that a time will ever come under the most carefully planned program, when during a period of depression all unemployed workers can be absorbed by a public works program.

The State lacks a coordinated program for public works adjusted to employment in depressions.

### **Industry, Trade and Transportation**

Marked changes in industries and in their location are having serious effects on the workers dependent upon them.

## *Appendix—Planning Board*

Between 1929 and 1933, the number of stores had decreased 15 per cent, sales dropped 47 per cent and full time employes 31 per cent.

The trend is toward chain stores, particularly in the food groups, where the chains do 34 per cent of the total business with only 12 per cent of the stores.

Twenty per cent of the total retail stores of the State do 80 per cent of the business.

Industry uses three-fifths of the electrical power in this State and pays approximately one-third of the total bill, while domestic consumers use one-sixth and also pay approximately one third of the total bill.

Pennsylvania's transportation system, covering railways, highways, airways, waterways and pipe lines, is not adequately co-ordinated.

Regulation of transportation is now attempted under a law not fully applicable to present day conditions.

### **Social Activities**

More than 5600 taxing bodies exist in this State and many of them have outlived their usefulness and should be combined.

Changing population trends indicate need for more teachers and a greater variety of subjects in the high schools.

In the elementary schools the number of teachers needed will decrease during the next decade, if present population trends continue.

Movements of population and the improvement of transportation have changed the need for many smaller independent school districts.

Three and a half million persons in Pennsylvania are without access to public libraries.

Many of the smaller cities and five counties have not a single library.

The State-aid program for the care of dependents is unco-ordinated.

The present system of relying mainly on taxation of real property makes the carrying on of services by local units of Government exceedingly difficult.

## *Appendix—Planning Board*

### **Recommendations**

The Board recommends:

Creation of the office of Planning Secretary as outlined above the Foreword.

Research with a view to maintaining the relative importance of Pennsylvania's Mineral industries.

A long-time program of forest redevelopment.

A State program for purchase of abandoned and submarginal land for forestation.

Close integration of the purchase of land by the Game Commission with the work of the Department of Forests and Waters and with the Federal land-buying program.

Collection of information on flood control.

Rigid enforcement of laws for control of stream pollution.

A housing program based on a stable population rather than on unlimited speculative expansion.

Appropriate educational opportunities for the increasing number of youth between 18 and 21 years of age out of employment and out of school.

A continuing education for adults at all ages.

State aid for free libraries.

Expansion of the present system of old age pensions to supplant many almshouses, and the creation of larger almshouse units in geographical districts serving as institutions for chronic disabled aged.

A State-wide plan for the care of the mentally ill.

State Industrial farms to replace the present county prisons.

Effective planning for rural electrical development.

### **Legislation**

The Board recommends State legislation to:

Govern the use and development of streams, with a view to better allocation of water.

Preserve the gains achieved under NRA in respect to child labor.

Consolidate and make permanent the gains through NRA as to standards of wages and working hours.

Abolish company police and privately paid deputy sheriffs.

Set up machinery to facilitate collective bargaining.

Strengthen the Workmen's Compensation law.

Set up official county welfare boards through new administration machinery, for poor relief, mothers' assistance, blind and

## *Appendix—Planning Board*

old age pensions and child care under the supervision of the Department of Welfare.

Develop the proposed ten-year legislative program offering protection to children.

Provide that in the absence of available industrial or public employment, a direct money payment to assure at all times the minimum for an adequate standard of living for the worker and his dependents during involuntary unemployment.

Provide economic relief and other necessary home or institutional care through unified public relief agency to the chronic indigent, the maladjusted individual and similar groups now the concern of public or private relief agencies.

Create a State Housing Authority to make possible an effective housing program and to cooperate with the Federal program.

Completely change the State's system of school support so as to guarantee to every school district a foundation program and reduce local taxes on realty to the proportionate share of the total tax load.

Facilitate the merger of numerous existing school districts into fewer and more competent units.

Reduce the number of separate local units of government in order to increase the quality and reduce the cost of public service rendered.

Participate in the Public Works program and other Federal projects.

### **Further Studies**

The Board recommends that further studies be made of:

Water Supply needs for domestic and industrial use for the next 25 years.

Possible sites for hydro-electric development.

Power distribution and costs similar to that just completed by the Power Authority of the State of New York with a view to the possibility of lower rates to domestic consumers.

The administration of unemployment relief and other forms of relief, grants or pensions in order to determine their ultimate integration.

Soil erosion, abandoned farm lands and submarginal lands now under cultivation with the view to development of a plan for use of submarginal lands.

## **STATEMENT ON PENNSYLVANIA'S FINANCIAL CONDITION**

(Released to the newspapers of the State  
December 10, 1934)

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### **TABLES SHOWING AVAILABLE AND APPROPRIATED FUNDS AND THEIR BUDGETARY FUNCTIONAL USE BY DEPARTMENTS.**

#### **THE PUBLIC DEBT OF THE COMMONWEALTH.**

#### **CASH AND INVESTMENTS IN THE CUSTODIAL FUNDS.**

## **Statement on Pennsylvania's Financial Condition**

**(Released to newspapers of the State December 10, 1934)**

To the People of Pennsylvania:

In view of the current discussion of the financial condition of the State Government, the following outline is made public for the information of the people of Pennsylvania.

In my first term the chief financial difficulty was to pay off \$32,000,000 of unpaid bills left by the previous Administration. That was done.

The financial problem of my second term was far different and much harder. The fiscal history of this Administration is in two parts. The first part covers running the State Government in all its regular departments under the tremendous strain of the worst depression this country has known.

The second part consists of an entirely new and separate function of the State Government and must be considered by itself. Unemployment relief, the bare necessities of life, had to be furnished to two million Pennsylvania men, women and children. This meant that \$87,000,000 had to be provided by the State for a need that no other Administration had ever faced.

Up to the beginning of my Administration what relief needs there were were handled by local agencies. In my last three years the State had to furnish, in times when revenues had fallen off seriously, entirely new appropriations amounting to nearly

## *Appendix—Financial Report—Budget Office*

40 per cent of the usual State budget. Without the unprecedented demand for State relief, which reached the huge sum of \$87,000,000, this administration would have left a surplus of \$41,000,000 to its successor beyond the surplus now estimated.

### **Present Financial Condition**

The present financial condition of the State Government on the basis of receipts to November 1, estimated revenue, expenditures to November 1, and legislative appropriations, is that the budget is balanced as of May 31, 1935 and carries a surplus of \$5,500,851.

This statement is made on the basis of appropriations as they now stand on the books. It includes all expenditures for relief which were made out of the General Fund. Present appropriations make no provision for relief or pensions for the aged and blind after January 31, 1935.

The budget is balanced on the assumption that all estimated revenue will be collected in this biennium.

While the budget is balanced as stated above, nevertheless great financial problems confront the incoming Administration. Included in the estimate of revenue which must be collected to keep the budget in balance on the basis of appropriations already made there is \$13,287,273 of liquor floor tax, of which amount only \$2,500,000 has been collected to date. The whole amount is payable finally December 31st of this year and therefore must be carried as receivable.

Included in the estimate of revenue also is \$3,500,000 of inheritance tax still due from the Dorrance Estate. This amount is held up by litigation and must, therefore, be carried as receivable.

Delay in collecting these items has entailed current financial difficulties in the Treasury, and so long as the delay continues the difficulties will continue also.

Relief from January 31st to the end of the biennium, if the present rate is continued, will require \$20,000,000; and old age pensions and pensions to the blind \$3,200,000.

The amount of relief Pennsylvania will be required to furnish after January 31 will be determined, however, by the policy of the Federal Government, and cannot be predicted now.

*Appendix—Financial Report—Budget Office*

**Ordinary Expenses Excluding Relief**

Entirely outside of relief, the depression has increased the burden of work upon State departments probably by one-half and certainly by one-third. In spite of that huge increase the State Government has cost the taxpayers less than under my predecessor, as the following table shows:

**Ordinary Government Appropriations from the General Fund**

	Present Administration 1931-1935	Previous Administration 1927-1931
<i>Executive Department:</i>		
Under Governor's Supervision :		
Departments .....	\$ 55,175,684.68	\$ 55,185,390.88
Institutions .....	62,493,589.00	68,421,454.85
Construction and Land		
Purchase .....	11,727,766.08	43,582,151.00
	<hr/>	<hr/>
(Sub Total) .....	\$129,397,039.76	\$167,188,996.73
Lieutenant-Governor, Auditor General, and Treasurer .....	6,182,192.82	4,097,626.84
<i>Legislative Department:</i>		
House, Senate, and Reference Bureau .....	5,247,547.90	4,189,839.15
<i>Judicial Department:</i>		
Supreme and Superior Courts, and County Court Judges .....	10,045,217.92	8,976,173.84
	<hr/>	<hr/>
(Sub Total) .....	\$ 21,474,958.64	\$ 17,263,639.83
<i>Subsidies:</i>		
Public Schools .....	\$125,992,975.00	\$108,636,971.00
Colleges and Universities ..	15,327,000.00	13,830,000.00
Hospitals and Homes ....	15,964,150.00	12,483,100.00
Mothers' Assistance .....	8,231,876.00	5,500,000.00
Others Subsidies .....	30,678,023.74	30,977,477.15
	<hr/>	<hr/>
(Sub Total — Subsidies) .....	\$196,194,024.74	\$171,427,548.15
	<hr/>	<hr/>
TOTAL .....	\$347,066,023.14	\$355,880,184.71

## *Appendix—Financial Report—Budget Office*

The State Government during my four years cost the taxpayers \$347,000,000 in appropriations from the General Fund as compared with \$355,000,000 under the previous Administration. This in spite of increases of \$4,000,000 in departments not under my direction.

The appropriations to the departments and institutions under my direction, including appropriations for construction and land purchase, for the four years of this Administration, are \$37,000,000 less than for the previous Administration.

There was an increase during this Administration of nearly \$4,000,000 in departments not under my control. The Lieutenant-Governor, Auditor General and Treasurer spent over \$2,000,000 more, but a great part of this increase must be attributed to the tremendous burden of handling relief moneys through the financial departments.

The money spent by the Legislature increased about \$1,000,000, mainly because four special sessions to provide for relief had to be called. They were called when and only when they could not be avoided. These special sessions cost the taxpayers far less than if the last regular session had appropriated for relief two years in advance on the basis of then existing needs.

Money for public schools, colleges and universities, hospitals and homes, mothers' assistance, and other necessary subsidies increased by nearly \$25,000,000.

This means that our State-aided educational and welfare institutions have received better treatment than ever before in spite of the great depression and in spite of decreased revenues. One of the first duties of the Government is to provide for these needs. I am proud that we have increased our expenditures for such purposes.

The regular revenues from all General Fund income sources which were in effect at the beginning of the Administration yielded \$309,570,830. The same sources for the previous Administration brought in excess of \$350,000,000. Thus in the four years the revenues from such sources shrank \$40,000,000 in the present Administration as compared with 1927 to 1931.

### **Relief**

The great problem during this Administration has been to provide funds for the relief of the unemployed. Since April 1932, when the Supreme Court declared contributions by the

*Appendix—Financial Report—Budget Office*

State to unemployment relief to be constitutionally valid, \$87,255,400 has been appropriated for relief from State funds.

From April 1933 to March 1934 the Federal Government carried 50 per cent of the relief burden. Since then it has carried 77 per cent, a share to which this State was properly entitled in comparison with other states. This increased contribution from Federal sources has saved the taxpayers of Pennsylvania, after deducting the cost of all the special sessions, \$32,000,000 in new taxes in the last eight months.

The Federal Government began its contributions in September, 1932, and to date has contributed \$153,896,939.

The total of State and Federal relief—\$241,152,339—is staggering, but that is not all. To get the total cost of direct relief in Pennsylvania in approximately 2½ years another \$20,000,000 from local districts must be added.

The great financial problem of this Administration has been to provide \$87,000,000 for relief, plus \$3,600,000 for relief debt service. This is how it was done.

The Legislature passed an emergency sales tax, the proceeds of which amounted to \$9,966,229. A bond issue netting \$25,066,000 was approved by the people to repay funds necessarily taken from the General Fund for relief. The Legislature temporarily transferred \$14,591,376 from certain state funds to be used for relief.

These three items total \$49,623,605.

The State contribution to relief of \$87,255,400 with \$3,625,000 for debt service on the relief bond issue makes the total relief bill for my Administration and to January 31, 1935, amount to \$90,850,400.

If we take \$49,623,605 from this sum, there remains \$41,226,795, which is the amount of relief money, unprovided for by special revenue, which had to be taken out of the General Fund and current revenues.

Had there been no necessity to use \$41,226,795 of ordinary revenues for relief, that amount, plus the present estimated General Fund surplus of \$4,623,621, or about \$46,000,000, would have been available for other purposes or left as a favorable balance at the end of this Administration. In other words, except for the unprecedented drain of unemployment relief amounting to \$90,000,000, additional appropriations could have

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been made where needed or this Administration would have left to the next Administration a balance in the Treasury \$12,000,-000 greater than the balance left to me when I took office.

It is clear that relief has been the great load on the General Fund. Had it not been for this entirely new function of State Government there would be a very large surplus in the Treasury.

The General Fund surplus so used for relief is the result of the drastic economy practiced during these four years, and it exists in spite of the \$40,000,000 reduction in revenue, and in spite of the fact that no new taxes other than liquor taxes have been imposed upon the people of Pennsylvania for regular governmental expenses. This may fairly be called a notable achievement.

**Summary of Receipts, Expenditures, and Balances Including Both Ordinary Expenses and Relief**

The first fiscal year of the Administration began June 1, 1931, with cash balances of \$65,529,364.89 on hand in the operating funds, of which approximately \$39,000,000 was unencumbered and available for appropriation in all funds.

For the three fiscal years already completed, and the fourth now current, the actual and estimated receipts total \$657,227,-848.97. Cash balances on hand and receipts total \$722,757,-213.86.

Appropriation for all functions of Government, including obligations incurred before June 1, 1931, are \$717,256,362.00. If the income and outgo for the current year approximate the estimates, the total unappropriated cash balances in all funds on May 31, 1935, will be \$5,500,851.86.

Action taken by the Legislature which meets in January next, five months before the end of the present fiscal biennium, will undoubtedly alter the estimates and the actual receipts and expenditures. The following table shows the present situation, actual and estimated.

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**TABLE SHOWING OPERATING FUNDS**  
**Actual and Estimated Receipts, Expenditures and Balances**  
**June 1, 1931 to May 31, 1935**

	Cash Balance June 1, 1931	3 Years' Actual Receipts	Total Available	3 Years' Actual Allocated and Appropriated Expenditures	1 Year's Estimated Allocated and Appropriated Expenditures	Estimated Unappropriated and Unobligated Cash Balances May 31, 1935
General Fund ..	\$49,070,690.96	\$393,325,790.38	\$442,654,870.63	\$437,905,981.77	\$4,623,621.71	
Transfers ....		258,389.29 } 125,267.15 }		125,267.15 }		
Motor License Fund Transfers ....	14,907,053.61	254,237,636.65 } 125,267.15 }	269,269,957.41	269,060,391.41	209,566.00	
Fish Fund ....	504,097.79	1,670,426.98	2,174,524.77	1,987,624.30	186,900.47	
Game Fund ....	714,684.69	4,737,811.05	5,452,495.74	4,999,690.27	452,805.47	
Banking Fund ..	25,858.74	2,973,133.51	2,998,992.25	2,973,706.35	25,285.90	
State Farm Show Fund ..	22,990.88	221,936.54	244,927.42	243,093.97	1,833.45	
Milk Control Fund		61,113.86	61,113.86	60,275.00	838.86	
Abolished Funds Transfers ....	283,988.22		283,988.22	25,598.93 } 258,389.29 }		
<b>GRAND TOTAL .</b>	<b>\$65,529,364.89*</b>	<b>\$657,227,848.97</b>	<b>\$723,140,870.30</b>	<b>\$717,256,362.00</b>	<b>\$5,500,851.86</b>	
Transfers ....		383,656.44}		383,656.44}		

\* \$39,000,000 unencumbered.

### The General Fund

The General Fund pays the operating expenses of most of the State Government and the State institutions, and the subsidies to public schools and local hospitals.

On June 1, 1931, the General Fund had \$49,070,690.96 of which \$14,869,982.39 was encumbered by appropriations made before 1931. The surplus available for appropriations by the 1931 Legislature in the General Fund was \$34,200,708.57.

To this there will have been added, by the end of the four fiscal years, \$393,584,179.67 in money actually received or estimated to be received before May 31, 1935, making a total available in the General Fund of \$427,784,888.24.

Against this the Legislature in two regular and four special sessions has appropriated \$428,274,646.14, and from designated sources for certain purposes \$6,564,560.88, making total appropriations of \$434,839,207.02.

Offset against this is \$11,677,940.49 in appropriation balances found not to be needed, and either lapsed or awaiting lapse. The resulting amount of \$423,161,266.53 is a charge against the

## *Appendix—Financial Report—Budget Office*

total available funds of \$427,784,888.24 mentioned above. The difference, \$4,623,621.71, represents the estimated unappropriated cash surplus in the General Fund on May 31, 1935. This is the favorable balance in the General Fund Budget at the end of this Administration, under the conditions already stated.

### **General Fund Receipts**

The total of \$393,584,179.67 (not including the original cash balance carried over) of actual and estimated receipts to the General Fund during the four years contained the following extraordinary items.

Proceeds from Bond Issue for Relief .....	\$25,066,000
Emergency Sales Tax, for Relief .....	9,966,229
Temporary Transfers from Custodial Funds	
for Relief .....	14,591,376
Repayment of Delaware Bridge Loan ....	9,318,015
Liquor Tax .....	650,463
Liquor Floor Tax .....	13,287,273
Beer and Malt Liquor Tax .....	11,133,993
<hr/>	
TOTAL	\$84,013,349

If the total of these be deducted from the total actual and estimated receipts for the biennium, \$393,584,179.67, the resulting amount, \$309,570,830.67, will represent the yields from all General Fund income sources which were in effect at the beginning of the Administration.

The same sources yielded, for the previous four-year period, in excess of \$350,000,000. Thus the four-year revenues from the ordinary taxes and other sources as already noted, shrank \$40,000,000 in the present Administration (1931-1935) as compared with the previous Administration (1927-1931).

### **General Fund Financing**

During this Administration, out of the \$87,255,400 appropriated for relief, \$81,655,400 came from the General Fund. Debt service for relief bonds of \$3,625,000, a new item in the Budget, had to be provided. And, as was pointed out, revenues from sources in effect at the beginning of the Administration declined \$40,000,000. When these are added together, they show

## *Appendix—Financial Report—Budget Office*

a new revenue demand of \$130,000,000, whieh had to be met to keep the Budget in balance.

This huge new demand was met in part by reducing expenditures, in part by new taxes, in part by borrowing, and in part from collections from unusual items. \$34,000,000 of the amount was met by economies, \$39,500,000 by borrowing and transfer, \$35,000,000 from sales and liquor taxes, and \$15,500,000 from unusual items.

### **The Motor License Fund**

Receipts to the Motor License Fund during this Administration are estimated at \$254,362,900 as against \$249,817,900 for the previous Administration.

The previous Administration (1927-1931) built in all 3,464 miles of roads. The present Administration (1931-1935) built in all 13,892 miles of roads.

The previous Administration was maintaining at its close 13,562 miles of roads. The present Administration is maintaining at its close 83,876 miles of roads.

In spite of this enormous inerease in responsibility and accomplishment, the Highway Department, under the present Administration, has spent only five per cent more than the same Department under the previous Administration.

The total estimated expenditures and obligations for 1931-1935 are \$269,060,400 as against \$256,809,900 for 1927-1931. The difference—\$12,000,000—is more than offset by the \$13,000,000 contracted obligations which this Administration inherited from its predecessor.

In other words, had the preceding Administration not tied up by commitments the Motor Fund cash balance which it left to this Administration, the Motor Fund receipts and expenditures of this Administration would have balanced, and the cash balance on May 31, 1935, would have been the same as on June 1, 1931.

The Highway Department under this Administration has spent the receipts for four years, as it was entitled to do, and not more than the receipts for four years. The chief highway expenditures for the four-year period were as follows:

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	1931-1935	1927-1931
Construction:		
Original State Highways .....	\$57,426,351	\$132,486,985
Rural Highways .....	• 63,393,536	.....
City and Borough Streets .....	5,208,630	.....
Maintenance:		
Original State Highways .....	30,241,420	44,335,961
Rural Highways .....	34,468,760	*9,189,873
City and Borough Streets .....	3,428,822	212,569
Administration, Engineering and Inspection .....	20,578,675	19,645,133
Workmen's Compensation, Purchase of Equipment, Maintenance of Detours, Interstate Bridges, State Institutional and Forestry Roads, and Similar Miscella- neous .....	12,377,895	8,936,879
	<hr/>	<hr/>
	\$227,124,089	\$214,807,400

### The State Stores Fund

This is the Operating Fund which supports the State Liquor Stores. Its receipts from the sale of liquor and its expenditures in payment for liquor amount to many millions a year, but they are not ordinary governmental receipts and expenditures and are not included in the Budget.

What the total profits for the biennium will be is uncertain. Much depends on policies to be established after the final date for payment of the floor tax. The appropriations made from the State Stores Fund are as follows:

Relief from October 1, 1934, to	
January 31, 1935 .....	\$5,600,000
Pensions for the Blind from June 1, 1934, to	
January 31, 1935 .....	900,000

There is also an obligation on the State Stores Fund to repay the General Fund \$2,000,000 for working capital advanced at the beginning of the Stores System.

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\*Township reward and assistance under former laws.

### **Certain Receipts Below Estimates**

The Liquor Floor Tax is estimated in the Budget for the present biennium at \$13,287,000. Like liquor taxes elsewhere, Federal and State, this tax has produced less than the estimate. So far only \$2,500,000 has been collected. This reduction has caused the first delay in payments of school subsidies since they were brought up to date in my first Administration.

The final date fixed by the act for payment of the floor tax is December 31, 1934. In the absence of legislative action the whole amount of the tax had to be included in the Budget.

Under the Inheritance Tax estimate, the Dorrance Estate still owes the Commonwealth \$3,500,000. Payment is withheld pending the outcome of litigation. Nevertheless the Budget must carry this sum also as receivable.

Two years ago, when the Budget was made, the situation clearly warranted an inheritance tax estimate of \$31,500,000, not including the Dorrance Estate. Receipts for the three preceding bienniums were \$34,500,000, \$65,500,000, and \$50,000,-000. How nearly this estimate will be realized remains to be seen.

### **Appropriation Deficiencies**

Certain appropriations for the present biennium appear to be insufficient by \$1,217,387. The greater part of this sum, or \$884,775, is in school subsidy appropriations. This deficiency was caused by the Legislature of 1931 when it refused to follow the Administration's program of school district reorganization, and failed to appropriate sufficient money under present laws.

The Department of Property and Supplies needs \$112,112, of which \$56,000 is due to relief and the remainder because the 1931 Legislature did not follow the budget recommendation.

The Department of Welfare needs \$70,000 to take care of the phenomenal increase of hospital patients, and \$139,000 to repair damage and pay increased administration costs at the Eastern Penitentiary resulting from the recent riot.

The remaining \$20,500 is made up of small amounts in the Departments of Revenue and Internal Affairs.

### **General Fund Problems—Biennium 1935-1937**

A total of \$157,500,000 will carry on the work of the State Government which is supported from the General Fund, for two years, in spite of the rising cost of food and supplies, if the same

## Appendix—Financial Report—Budget Office

rigid economy which has been enforced by the present Administration is continued.

The debt service on the \$25,000,000 bond issue of 1933, and the \$50,000,000 soldiers' bonus issue of 1934, will require \$14,000,000 for two years.

Old age pensions and pensions for the blind will require an estimated \$25,350,000 for two years.

Of the \$14,400,000 borrowed from other funds by the 1934 Special Session for relief \$13,650,000 is required by law to be repaid by December 31, 1935.

These four items total \$210,500,000, and do not include relief.

### Revenue Expectations

To meet these needs it is estimated now that all sources of revenue to the General Fund will yield \$128,500,000 for 1935-1937. To this may be added \$10,000,000 estimated profits from the operation of the State Liquor Stores, or \$138,500,000 in all of revenue to the General Fund.

If \$138,500,000 is subtracted from \$210,500,000, it appears that there remains to be found \$72,000,000 of new revenue for the coming biennium, not including unemployment relief.

### SUMMARY OF THE OPERATING FUNDS

#### Actual and Estimated Receipts, Expenditures and Balances June 1, 1931 to May 31, 1935

	Cash Balance June 1, 1931	3 Years' Actual Receipts	Total Available	3 Years' Actual 1 Year's Estimated Allocated and Appropriated Expenditures	Estimated Unappropriated and Unobligated Cash Balances May 31, 1935
General Fund . . .	\$49,070,690.96	\$393,325,790.38 } 258,389.29 }	\$442,654,870.63	\$437,905,981.77 } 125,267.15 }	\$4,623,621.71
Transfers . . . .					
Motor License Fund . . .	14,907,053.61	254,237,636.65 } 125,267.15 }	269,269,957.41	269,060,381.41	209,566.00
Transfers . . . .					
Fish Fund . . . .	504,097.79	1,670,426.98	2,174,524.77	1,987,624.30	186,900.47
Game Fund . . . .	714,684.69	4,737,811.05	5,452,495.74	4,999,690.27	452,805.47
Banking Fund . . .	25,858.74	2,973,133.51	2,998,992.25	2,973,706.35	25,285.90
State Farm Show Fund . .	22,990.88	221,936.54	244,927.42	243,093.97	1,833.45
Milk Control Fund . . . .		61,113.86	61,113.86	60,275.00	838.86
Abolished Funds Transfers . . . .	283,988.22		283,988.22	25,593.93 } 258,389.29 }	
GRAND TOTAL . . .	\$65,529,364.89*	\$657,227,848.97 } 383,656.44 }	\$723,140,870.30	\$717,256,362.00 } 383,656.44 }	\$5,500,851.86
Transfers . . . .					

\* \$39,000,000 unencumbered.

Note: The estimated portions of this table reflect only present tax laws, sources of revenue and appropriations. Action by the 1935 Legislature will undoubtedly change that portion of the figures which relates to the period from now until May 31, 1935.

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**THE GENERAL FUND**

Showing Surpluses and Available Funds

Cash Balance, May 31, 1931 .	\$ 49,070,690.96
Less: Appropriation Liabilities, May 31, 1931 .....	14,869,982.39
	_____
Unappropriated Surplus, June 1, 1931 .....	\$ 34,200,708.57
Actual and Estimated Receipts, June 1, 1931 to May 31, 1935 .....	393,584,179.67
	_____
Total Available .....	\$ 427,784,888.24
Appropriations for the period June 1, 1931 to May 31, 1935, in effect January 1, 1935 .....	\$428,274,646.14
Receipts Appropriated as received .....	6,564,560.88
	_____
	\$434,839,207.02
Lapses, Actual and Estimated .....	11,677,940.49
	_____
	\$423,161,266.53
	_____
Estimated Unappropriated Surplus, May 31, 1935 ....	\$ 4,623,621.71

Note: The estimated portions of this table reflect only present tax laws, sources of revenue, and appropriations. Action by the 1935 Legislature will undoubtedly change that portion of the figures which relates to the period from now until May 31, 1935.

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**THE GENERAL FUND**

Summary of Appropriations for the Period  
June 1, 1931 to May 31, 1935

	<i>Amount</i>
<b>Executive Department:</b>	
Under Governor's Supervision:	
Departments .....	\$ 55,175,684.68
Institutions .....	62,493,589.00
Construction and Land Purchase .....	11,727,766.08
	<hr/>
Sub Total .....	\$129,397,039.76
Lieutenant-Governor, Auditor General, and Treasurer .....	\$ 6,182,192.82
<b>Legislative Department:</b>	
House, Senate, and Reference Bureau .....	5,247,547.90
<b>Judicial Department:</b>	
Supreme and Superior Courts, and County Court Judges .....	10,045,217.92
	<hr/>
Sub Total .....	\$ 21,474,958.64
<b>Subsidies:</b>	
Public Schools .....	\$125,992,975.00
Colleges and Universities .....	15,327,000.00
Hospitals and Homes .....	15,964,150.00
Mothers' Assistance .....	8,231,876.00
Other Subsidies .....	30,678,023.74
	<hr/>
Sub Total—Subsidies .....	\$196,194,024.74
	<hr/>
<b>TOTAL</b> .....	\$347,066,023.14
<b>Interest and Sinking Fund on Relief Bonds</b> .....	\$ 3,625,000.00
<b>Unemployment Relief</b> .....	81,655,400.00
	<hr/>
<b>TOTAL</b> .....	\$432,346,423.14
Less: Receipts appropriated as received for State Teachers Colleges (included above under Institutions) .....	\$ 4,071,777.00
	<hr/>
<b>GRAND TOTAL—Appropriations in Effect January 15, 1934</b> ..	\$428,274,646.14

Note: This table includes only those appropriations for the biennium 1933-1935 which are now in effect.

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**THE MOTOR LICENSE FUND**

For a statement of the estimated receipts, expenditures and balances see "Summary of the Operating Funds" beginning this section.

Appropriations and Allocations for the period June 1, 1931 to May 31, 1935.

Department of Highways .....	\$227,124,088.88
Department of Revenue .....	13,746,413.83
Board of Finance and Revenue	
Interest and Sinking Fund on Road Bonds ..	26,758,561.48
Loan and Transfer Agent .....	60,000.00
Refunds .....	289,377.35
Department of Property and Supplies .....	367,817.45
Public Service Commission .....	253,500.00
Other, such as Bridge Commissions .....	27,132.42
Department of State (Retirement Board) .....	433,500.00
Total .....	\$269,060,391.41

Note: Action by the 1935 Legislature will undoubtedly change that portion of the figures in this table which relates to the period from now until May 31, 1935.

**FUNDS APPROPRIATED AND ALLOCATED**

June 1, 1931 to May 31, 1935

By Funds

General Fund .....	\$437,905,981.77
Motor License Fund .....	269,060,391.41
Banking Fund .....	2,973,706.35
Fish Fund .....	1,987,624.30
Game Fund .....	4,999,690.27
State Farm Show Fund .....	243,093.97
Milk Control Fund .....	60,275.00
Custodial Funds (Appropriated for Employees' Retirements) .....	21,930.00
Total .....	\$717,252,693.07

Note: Action by the 1935 Legislature will undoubtedly change that portion of the figures in this table which relates to the period from now until May 31, 1935.

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**FUNDS APPROPRIATED AND ALLOCATED**

June 1, 1931 to May 31, 1935

By Departments

**Executive Department:**

Under Governor's Supervision

Governor's Office .....	\$ 843,550.00
Agriculture .....	8,808,335.68
Banking .....	3,460,242.00
Fish .....	1,895,902.00
Forests and Waters .....	7,710,159.30
Game .....	4,630,672.00
Health .....	11,638,976.17
Highways .....	227,124,088.88
Insurance .....	1,198,329.00
Internal Affairs .....	1,440,860.00
Justice .....	1,761,900.00
Labor and Industry .....	5,253,979.40
Military Affairs .....	5,917,161.22
Mines .....	1,411,215.00
Property and Supplies .....	7,689,246.15
Public Service .....	2,273,800.00
Public Instruction .....	181,915,624.74
Revenue .....	17,603,548.19
State .....	4,248,621.00
State Police .....	5,587,114.00
Welfare .....	77,972,976.00
Miscellaneous .....	659,641.60
Liquor Control Board .....	2,000,000.00
Milk Control Board .....	160,114.00
State Emergency Relief Board .....	81,655,400.00

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Total—Under Governor's Supervision .....\$664,861,456.33

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Lieutenant Governor .....	\$ 45,750.00
Auditor General .....	3,247,750.00
Treasury .....	33,804,970.92

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Total—Executive Department .....\$701,959,927.25

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Legislative Department:

Senate .....	\$ 1,586,757.58
House .....	3,444,292.72
Reference Bureau .....	181,972.00
Miscellaneous .....	34,525.60
	<hr/>
Total—Legislative Department .....	\$ 5,247,547.90

Judicial Department:

Supreme Court .....	\$ 1,000,491.92
Superior Court .....	737,000.00
Common Pleas .....	5,995,800.00
Orphans Court .....	1,129,000.00
Other .....	1,182,926.00
	<hr/>
Total—Judicial Department .....	\$ 10,045,217.92
	<hr/>

Grand Total—Funds Appropriated

and Allocated .....

\*\$717,252,693.07

\* This reconciles with the "Summary of the Operating Funds" which is the first table in this section by deducting from that statement \$25,598.93 representing expenditures from abolished operating funds and adding \$21,930.00 appropriated from the Custodial Funds for State Employees Retirement Fund.

Note: Action by the 1935 Legislature will undoubtedly change that portion of the figures in this table which relates to the period from now until May 31, 1935.

**GOVERNOR'S OFFICE**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May, 1935

Governmental Operations:

Departmental .....	\$843,550.00
	<hr/>

**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Salary of the Governor .....	\$ 69,075.00
Administrative .....	387,961.04
Personnel .....	66,880.02
Budget .....	250,503.94
Portrait of the Governor .....	750.00
	<hr/>

Total .....	\$775,170.00
Estimated Unexpended .....	\$ 68,380.00


**DEPARTMENT OF AGRICULTURE**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$4,943,635.68
Subsidies .....	3,717,000.00
Construction and Land .....	147,700.00
Total .....	\$ 8,808,335.68

**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Executive Office .....	\$ 149,206.63
Foods and Chemistry .....	660,488.99
Plant Industry .....	425,553.23
Japanese Beetle Control .....	95,397.57
Gipsy Moth Eradication .....	111,975.00
Crop Reporting and Information .....	58,680.87
Markets .....	230,844.55
Animal Industry .....	1,891,559.66
Dog Law Enforcement .....	631,405.12
Egg laying Contest (includes construction of plant) .....	95,376.69
State Farm Show .....	366,363.30
Undistributable (bonds, insurance and automobiles) .....	49,285.17
 Total—Governmental Operations .....	 \$4,766,136.78

Subsidies:

Encouraging Agricultural Exhibits .....	\$ 190,291.24
Animal Indemnities .....	3,500,000.00
Plant Indemnities .....	1,527.29
 Total—Subsidies .....	 \$3,691,818.53

*Appendix—Financial Report—Budget Office*

Construction:

Farm Show Building .....	147,700.00
Grand Total .....	\$ 8,605,655.31
Estimated Unexpended .....	\$ 202,680.37

In addition the Department received allocations from Federal Relief Funds for Gypsy Moth Control \$119,978.42, and for Japanese Beetle Control \$7,051.79 also the usual grants from the Federal Government for Cattle Indemnities of \$1,883,920.39.

**DEPARTMENT OF BANKING**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$ 3,460,242.00
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**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Banks and Trust Companies:

Supervision .....	\$ 667,670.29
Examination .....	1,312,630.03

Building and Loan Associations:

Supervision .....	285,960.09
Examination .....	828,875.34

Supervision of Private Banks

and Small Loan Companies ..	49,297.33
Liquidation Expense .....	35,395.83

Pennsylvania Securities

Commission .....	280,413.09
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Total .....	\$ 3,460,242.00
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*Appendix—Financial Report—Budget Office*

**BOARD OF FISH COMMISSIONERS**  
**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$1,895,902.00
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**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Executive Office .....	\$160,741.28
Law Enforcement .....	368,336.93
Propagating and Distribut- ing Fish .....	908,216.80

Public Information .....	25,860.86
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Hatchery Extension and Improvement .....	307,953.97
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Grand Total .....	\$1,771,109.84
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Estimated Unexpended .....	\$124,792.16
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**DEPARTMENT OF FORESTS AND WATERS**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$4,802,258.30
Subsidies .....	436,002.00
Construction and Land .....	2,250,000.00

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Total .....	\$7,488,260.30
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*Appendix—Financial Report—Budget Office*

**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Salary of Secretary ..... \$40,000.00

Forestry:

Administration .....	2,946,115.71
Control of Forest Fires..	486,617.85
Federal Aid, Protection and Nursery .....	221,899.00

Waters:

Administration .....	351,452.40
Flood Control, Darby Creek .....	40,000.00
Lake Erie and Ohio River Canal Board .....	2,984.28
Washington Crossing Park Commission .....	144,687.34
Valley Forge Park Com- mission .....	225,378.98
State Park and Harbor Commission .....	207,996.97
Improvements—State Parks	75,787.86
Fort Washington Park Maintenance .....	2,000.00
<hr/>	
Total—Government Operations .....	\$4,744,920.39

Subsidies:

Fixed Charges in lieu of Taxes, Forest Lands ..	\$402,572.00
Fixed Charges in lieu of Taxes, Flood Lands ..	33,430.00
<hr/>	
Total—Subsidies ...	\$436,002.00

Construction and Land:

Purchase of Forest Land ..	\$275,000.00
Pymatuning Project .....	1,950,000.00

*Appendix—Financial Report—Budget Office*

Acquiring Fort Necessity Park .....	25,000.00
	<hr/>
Total .....	\$2,250,000.00
Grand Total .....	\$7,430,922.39
Estimated Unexpended .....	\$57,337.91

In addition the Department received an allocation from Federal Relief Funds in the amount of \$169,999.71 for the Pymatuning Project; also, usual Federal Credits of \$221,899.00 were available for fire protection and nurseries.

**BOARD OF GAME COMMISSIONERS**  
**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$4,630,672.00
	<hr/>

**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Administration .....	\$ 257,791.12
Controlling Predatory Animals .....	567,101.06
Education .....	112,444.40
Propagation and Distribution of Game ....	714,447.49
Refuges and Lands .....	1,615,699.95
Protection .....	1,363,187.98
	<hr/>
Grand Total .....	\$4,630,672.00

**DEPARTMENT OF HEALTH**  
**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$5,998,108.00
Institutional .....	5,159,642.00
Construction and Land .....	481,226.17
	<hr/>
	\$11,638,976.17

*Appendix—Financial Report—Budget Office*

**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Executive:

Executive Office .....	\$248,163.65
Accounts .....	114,666.97
Supplies .....	630,368.90
Laboratories .....	350,466.07
Vital Statistics .....	452,821.16
Sanitary Engineering .....	608,232.29
Milk Sanitation .....	252,882.24
Nursing .....	1,098,633.61

Health Conservation:

Epidemiology .....	1,047,761.43
Tuberculosis Clinics .....	145,154.93
Environmental Hygiene .....	18,785.74
Genito-Urinary Clinics .....	78,479.33

Health Law Enforcement:

Medical School Inspection .....	312,540.98
Pre-School .....	177,322.47
Public Health Education .....	36,899.71
Drug Control .....	89,317.62
Inspection and Prevention .....	55,171.28
Restaurant Hygiene .....	25,222.06
Dental Hygiene .....	18,302.92
Sanitary Water Board .....	191,269.60
Salinity Survey—Waters of Delaware River .....	69,547.44
Anatomical Board .....	28,276.87
Orthopedic Unit .....	41,999.48

Institutional:

Mont Alto Sanatorium .....	1,622,487.69
Cresson Sanatorium .....	1,343,951.55
Hamburg Sanatorium .....	1,064,053.69
State Hospital for Crippled Children ....	645,185.94

Total Governmental Operations .... \$10,767,965.62

*Appendix—Financial Report—Budget Office*

Construction and Land:

Mont Alto .....	\$274,487.56
Cresson .....	95,353.32
Hamburg .....	458.23
State Hospital for Crippled Children ....	110,927.06
	\$ 481,226.17
Grand Total .....	11,249,191.79
Estimated Unexpended .....	\$ 389,784.38

In addition to the above the Department received and spent \$4,094,152.08 of Federal Relief Funds allocated for milk stations.

**DEPARTMENT OF HIGHWAYS**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

For All Purposes .....	\$227,124,088.88
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**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Construction:

Original State Highways .....	\$57,426,351.24
Rural Highways .....	63,393,535.21
City and Borough Streets .....	5,208,630.09

Maintenance:

Original State Highways .....	30,241,420.35
Rural Highways .....	34,468,760.42
City and Borough Streets .....	3,428,821.09

Administration, Engineering and Inspection

Workmen's Compensation, Purchase of

Equipment, Maintenance of Detours, Interstate Bridges, State Institutional and Forestry Roads and Similar Miscellaneous .....

12,377,895.32

Grand Total .....

\$227,124,088.88

*Appendix—Financial Report—Budget Office*

**INSURANCE DEPARTMENT  
Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$1,198,329.00
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**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Executive Office .....	\$139,800.07
Audits and Statements .....	85,500.31
Accounting .....	51,900.97
Agents and Brokers .....	113,262.50
Complaints .....	103,564.60
Examining .....	522,831.33
Actuarial .....	143,726.48
Grand Total .....	\$1,160,586.26
Estimated Unexpended .....	\$37,742.74

**DEPARTMENT OF INTERNAL AFFAIRS**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$1,440,860.00
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**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Salary of Secretary .....	\$ 40,000.00
Administrative .....	353,796.92
Statistics .....	323,808.30
Municipal Affairs .....	160,000.00
Standard Weights and Measures .....	115,000.00
Fees to County Commissioners .....	12,000.00
Topographic and Geologic Survey .....	283,301.30
State Aeronautics Commission .....	99,999.97
Painting Portrait of Secretary .....	750.00
Grand Total .....	\$1,388,656.49
Estimated Unexpended .....	\$ 52,203.51

*Appendix—Financial Report—Budget Office*

**DEPARTMENT OF JUSTICE**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$1,761,900.00
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**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Salary of Attorney General .....	\$ 48,000.00
Departmental Salaries and Expenses .....	639,637.44
Salaries and Expenses of Special Deputies and Local Counsel .....	455,078.00
Board of Pardons—Expenses .....	31,424.77
Board of Pardons—Paroles .....	463,071.04
Board of Commissioners on Uniform State Laws .....	3,503.37
Revision of Corporation, Banking, Insurance, and School Laws .....	15,481.20
<hr/>	
Grand Total .....	\$1,656,195.82
Estimated Unexpended .....	\$ 105,704.18

**DEPARTMENT OF LABOR AND INDUSTRY**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$5,007,316.70
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**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Salary of Secretary .....	\$39,986.56
Accounts and Statistics .....	397,581.38
Inspection .....	1,550,809.74
Industrial Standards .....	106,569.81
Industrial Board .....	17,484.72

*Appendix—Financial Report—Budget Office*

Mediation .....	108,967.24
Women and Children .....	100,551.71
Employment .....	464,725.89
Rehabilitation .....	502,792.45
Workmen's Compensation (Bureau) .....	507,950.85
Workmen's Compensation Board .....	296,909.18
Workmen's Compensation Referees .....	726,540.33
Experimental Employment Office .....	50,000.00
Workmen's Compensation to Injured State Employes (Liability of June 1, 1929) ..	68,055.73
Grand Total .....	\$4,938,925.59
Estimated Unexpended .....	\$68,391.11

Note: In addition to the above the Department received Federal Aid for rehabilitation purposes amounting to \$246,662.70.

**DEPARTMENT OF MILITARY AFFAIRS**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$4,633,038.08
Institutional .....	551,175.00
Subsidies .....	534,268.80
Construction and Land .....	146,500.00
Total .....	\$5,864,981.88

**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental:

Administration .....	\$ 271,443.70
Division Headquarters .....	115,937.89
Arsenal .....	291,048.39
Reservation .....	750,881.26
National Guard .....	1,470,831.22
Maintenance of Armories .....	1,119,884.69
Athletic Commission .....	221,857.60

*Appendix—Financial Report—Budget Office*

World War Records .....	65,452.44
Riot and Insurrection .....	18,297.54
Uniforms—Governor's Troop .....	4,815.00
Marking Graves—Revolutionary Soldiers ..	952.00
Celebration—Yorktown Sesquicentennial ..	5,475.93
Property Damage .....	234.85
Arbitration Award, Wilkes-Barre Armory .....	1,912.01
 Total—Governmental Operations ....	\$4,339,024.52

Institutional:

Soldiers and Sailors Home .....	\$ 530,308.99
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Subsidies:

State Veterans Commission .....	\$ 518,262.73
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Construction and Land:

Armories .....	\$ 146,500.00
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Grand Total .....	\$5,534,096.24
Estimated Unexpended .....	\$ 330,885.64

In addition to the above, the Department administered the distribution of the proceeds of the \$50,000,000 bond issue for Soldiers' Bonus.

The State Emergency Relief Board made an allocation of \$600,000.00 up until December 1, 1934 to the State Veterans Commission for relief among veterans.

Not included above is \$52,179.34 received from the rental of armories and allocated to the Armory Board according to law.

**DEPARTMENT OF MINES**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$1,411,215.00
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*Appendix—Financial Report—Budget Office*

**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Executive Office .....	\$ 170,809.82
Inspection of Anthracite Mines .....	461,769.77
Inspection of Bituminous Mines .....	616,734.20
Examination of Anthracite Mine Foremen	7,677.87
Examination of Bituminous Mine Foremen	17,496.67
<hr/>	
Grand Total .....	\$ 1,274,488.33
Estimated Unexpended .....	\$ 136,726.67

**DEPARTMENT OF PROPERTY AND SUPPLIES**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$ 6,228,976.10
Subsidies .....	94,795.14
Construction and Land .....	1,365,474.91
<hr/>	
Total .....	\$ 7,689,246.15
<hr/>	

**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Executive Office .....	\$ 881,567.76
Construction (Administration) .....	513,825.03
Standards .....	68,454.96
Public Grounds and Buildings .....	2,667,239.92
Publications .....	294,614.88
Purchases .....	548,962.67
Inventories .....	15,932.38
Motor Supplies and Equipment .....	310,550.26

Subsidies:

Parks and Monuments .....	\$ 81,523.14
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*Appendix—Financial Report—Budget Office*

Construction and Land:

Soldiers' and Sailors' Bridge

General Construction ..... \$ 194,454.73

Farm Show Building:

Architect's Claim ..... 4,893.54

Educational Building:

General Construction ..... 593,575.28

Grading, Terraces, Lighting Fixtures ..... 96,773.74

Completion of Plumbing and Drainage, Heating and Ventilating ..... 7,750.00

Main Capitol Building—New Tile Roof ..... 182,096.71

Air Conditioning, House of Representatives and Senate ..... 39,988.39

Construction and Purchase of Land for Aircraft Landing Fields ..... 51,021.70

Purchase of Underground Coal Rights at Cres-  
son Sanitorium ..... 12,371.85

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Grand Total ..... \$6,565,596.94

Estimated Unexpended ..... \$1,123,649.21

Included above are appropriations of \$310,000 from the Motor License Fund of which \$146,479.94 is estimated to be expended.

**DEPARTMENT OF PUBLIC INSTRUCTION**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental ..... \$ 3,707,310.75

Institutional ..... 17,703,777.00

Subsidies ..... 156,358,521.80

Construction and Land ..... 1,820,000.00

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Total ..... \$179,589,609.55

*Appendix—Financial Report—Budget Office*

**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental:

Executive .....	\$ 367,138.70
Licensing .....	133,669.40
School Administration and Finance ....	586,897.23
Education .....	513,144.41
Library and Museum .....	502,762.44
Examining Boards .....	806,438.14
Board of Censors .....	312,153.22
Historical Commission .....	48,745.49
Maintenance of Drake Well Park .....	1,200.00
School Retirement Board .....	*124,425.11
Conducting Liquor Board Examinations	150,000.00

Institutional:

State Teachers Colleges .....	16,570,024.76
State Oral School .....	319,587.62
Home for Training in Speech .....	99,524.96
Soldiers' Orphan School .....	549,994.12
Thaddeus Stevens Industrial School ....	157,720.45

Subsidies:

Salaries of County Superintendents ....	948,000.00
Expenses of County Superintendents ....	109,716.00
Salaries of Asst. Co. Superintendents ..	1,113,653.22
Expenses of Asst. Co. Superintendents ..	164,849.30
Transportation .....	4,000,000.00
Vocational Education .....	1,715,508.19
Training Vocational Teachers .....	220,180.78
Support of Public Schools .....	108,999,532.66
Aid to Financially Handicapped School Districts .....	6,249,751.99
Per Capita Payments to Schools for Blind and Deaf .....	2,203,301.65
Retirement of School Employees .....	12,000,000.00
Pennsylvania State College .....	7,708,000.00
University of Pennsylvania .....	3,135,000.00
University of Pittsburgh .....	2,508,000.00
Women's Medical College .....	171,000.00

*Appendix—Financial Report—Budget Office*

Jefferson Medical College .....	247,114.73
Hahneman Medical College .....	209,000.00
Temple University .....	1,254,000.00
Other Educational Institutions .....	779,860.73
Miscellaneous Subsidies .....	457,607.29
Construction and Land Purchase:	
State Teachers Colleges .....	330,000.00
State Oral School .....	150,000.00
Soldiers' Orphan School .....	280,000.00
Pennsylvania State College .....	1,060,000.00
	<hr/>
Grand Total .....	\$177,257,502.59
Estimated Unexpended .....	\$ 2,332,106.96

Note: Federal Credits of \$2,326,015.19 for Vocational Education were available to the Department in addition to the above.

\*Expense for two years only. For 1933-1935 the expenses of this Board were met from the School Employees Retirement Fund.

**PUBLIC SERVICE COMMISSION  
Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$2,243,800.00
Subsidies .....	30,000.00
Total .....	\$2,273,800.00

**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Salary of Chairman and Commissioners ...	\$ 267,731.80
Secretarial Office .....	510,770.06
Engineering and Laboratory .....	519,823.88
Law .....	105,169.91
Public Convenience .....	264,273.75
Accounts, Rates and Statistics .....	430,598.33
Total—Governmental Operations ...	\$2,098,367.73

Subsidies:

Protection of Grade Crossings .....	\$ 28,615.67
Grand Total .....	\$2,126,983.40
Estimated Unexpended .....	\$ 146,816.60

*Appendix—Financial Report—Budget Office*

**DEPARTMENT OF REVENUE**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$17,603,548.19
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**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

General Fund:

Executive .....	\$ 667,322.00
Investigations and Collections .....	951,866.00
County Collections .....	337,129.00
Institutions .....	486,144.00
Corporation Taxes .....	540,739.00
Compensation of Informants in Escheats	15,430.00
Mileage of Mercantile Appraisers .....	45,000.00
Costs of Suits against Delinquent Dealers	15,000.00
Portrait of Secretary .....	750.00

Motor License Fund:

Executive .....	544,898.00
Investigations and Collections .....	440,463.00
Liquid Fuels Tax .....	941,367.00
Motor Vehicles .....	5,608,403.00
Aeronautics .....	100,527.00
Safety .....	718,642.00
Highway Patrol .....	5,014,668.00

Fish Fund:

Collecting Fishing License Fees and Fines	45,507.00
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Game Fund:

Collecting Hunting License Fees and Fines .....	78,302.00
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Grand Total .....	\$16,552,157.00
Estimated Unexpended .....	\$ 1,051,391.19

*Appendix—Financial Report—Budget Office*

**DEPARTMENT OF STATE**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$ 651,305.00
Subsidies .....	3,597,316.00
Total .....	\$ 4,248,621.00

**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Executive Office .....	\$ 143,331.00
Election and Legislative .....	47,324.00
Commission .....	27,474.00
Corporation .....	129,233.00
State Employes Retirement Board .....	74,930.00
Constitutional Amendments .....	61,612.00
Portrait of Secretary .....	750.00
Total—Governmental Operations ..	\$ 484,654.00

Subsidies:

Pensions and Gratuities .....	\$ 8,327.00
Retired State Employes .....	113,827.00

State Employes Retirement Board:

General Fund .....	2,903,480.00
Motor License Fund .....	433,500.00
Banking Department Fund .....	45,050.00
Game Fund .....	24,820.00
Fish Fund .....	11,220.00
State Workmen's Insurance Fund .....	13,090.00
Manufacturing Fund .....	8,840.00

Total—Subsidies .....	\$ 3,562,154.00
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Grand Total .....	\$ 4,046,808.00
Estimated Unexpended .....	\$ 201,813.00

*Appendix—Financial Report—Budget Office*

**PENNSYLVANIA STATE POLICE**  
**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$ 5,587,114.00
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**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Administration and Regular Police Duties	\$ 4,752,611.00
Property Damages .....	1,500.00
Teletype System .....	773,216.00
Grand Total .....	\$ 5,527,327.00
Estimated Unexpended .....	\$ 59,787.00

**DEPARTMENT OF WELFARE**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$1,138,970.00
Institutional .....	39,204,500.00
Subsidies .....	31,965,913.00
Construction and Land .....	5,663,593.00
Total .....	\$77,972,976.00

**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental:

Executive Office .....	\$381,009.00
Community Work .....	224,105.00
Corrections .....	72,762.00
Institutional Management .....	46,995.00
Mental Health .....	160,816.00
Council for Blind and Alcohol Permit Board .....	151,163.00
Orthopaedic Unit .....	58,239.00

*Appendix—Financial Report—Budget Office*

Institutional:

Penal and Correctional .....	11,648,136.00
Mental .....	16,147,418.00
Feeble Minded and Epileptics .....	5,654,619.00
Medical and Surgical .....	5,124,025.00

Subsidies:

Mothers' Assistance .....	7,994,943.00
Medical and Surgical Hospitals—State aided .....	14,700,262.00
Homes—State aided .....	1,234,156.00
Glen Mills Schools .....	578,767.00
Sleighton Farms School .....	570,000.00
Elwyn Training School .....	755,000.00
Dixmont Hospital .....	646,500.00
Maintenance of Indigent Insane .....	5,365,409.00
Damages—Danville State Hospital .....	600.00

Construction and Land:

Penal and Correctional Institutions .....	2,618,000.00
Mental Hospitals .....	2,153,400.00
Institutions for Feeble Minded and Epileptics .....	652,084.00
Medical and Surgical Hospitals .....	240,109.00
Grand Total .....	\$77,178,517.00
Estimated Unexpended .....	\$ 794,459.00

Note: In addition, \$900,000 was made available to January 31, 1935 from State Stores Fund for Pensions for the Blind and \$1,350,000 is expected to be allocated from the \$14,400,000 General Fund appropriation to the State Emergency Relief Board (Act No. 8, Special Session of 1934) for Old Age Assistance to January 31, 1935.

**MISCELLANEOUS**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

For all purposes .....	\$ 2,659,641.60
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*Appendix—Financial Report—Budget Office*

**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Greater Pennsylvania Council .....	\$ 89,998.88
Board of Commissioners of Navigation for the River Delaware and Navigable Tributaries .....	128,045.31
Flagship Niagara Commission .....	24,996.37
Commission to Celebrate Two Hundredth Anniversary of the Birth of George Washington .....	18,960.00
Pennsylvania and New Jersey Joint Bridge Commission for Acquisition of Toll Bridges—Reappropriated .....	121,344.00
Delaware River Joint Commission .....	250,000.00
Delaware River Joint Bridge Commission .	20,000.00
Ralph Modjeski Medal .....	923.00
Pennsylvania Liquor Control Board—Ex- penses .....	2,000,000.00
Grand Total .....	\$ 2,654,267.56
Estimated Unexpended .....	\$ 5,374.04

**STATE EMERGENCY RELIEF BOARD**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Relief .....	\$81,655,400.00
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**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Administration:

1932 Special Session:

Governor's Office .....	\$ 35,400.00
Department of the Auditor General ..	15,000.00
Treasury Department .....	5,000.00

*Appendix—Financial Report—Budget Office*

**1933 Regular Session:**

State Emergency Relief Board .....	100,000.00
State Emergency Relief Board .....	100,000.00
Total—Administration .....	\$ 255,400.00
<b>Relief:</b>	
<b>1931 Special Session:</b>	
Department of Welfare .....	\$10,000,000.00
<b>1932 Special Session:</b>	
State Emergency Relief Board .....	12,000,000.00
<b>1933 Regular Session:</b>	
State Emergency Relief Board .....	7,000,000.00
State Emergency Relief Board .....	18,000,000.00
State Emergency Relief Board .....	20,000,000.00
<b>1934 Special Session:</b>	
State Emergency Relief Board .....	14,400,000.00
Total—Relief .....	\$81,400,000.00
Grand Total .....	\$81,655,400.00

**MILK CONTROL BOARD**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

**Governmental Operations:**

Departmental .....	\$ 160,114.00
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**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to April 30, 1935

**Governmental Operations:**

Administrative .....	\$ 54,663.19
Accounts and Statistics .....	28,583.28
Audits and Investigations .....	48,418.29
Grand Total .....	\$ 131,664.76
Unexpended Balance .....	\$ 28,449.24

Included above is \$100,000 appropriated from the General Fund. The Act provides that any balance remaining in the Milk Control Fund at April 30, 1935 shall be returned to the General Fund.

*Appendix—Financial Report—Budget Office*

**LIEUTENANT GOVERNOR**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$	45,750.00
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**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Salary of the Lieutenant Governor ....	\$	32,000.00
Other Expenses .....		11,286.50

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Total .....	\$	43,286.50
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Estimated Unexpended .....	\$	2,463.50
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**DEPARTMENT OF THE AUDITOR GENERAL**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	*\$3,247,750.00
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\*Includes \$25,000.00 for expense of issuing Veterans' Bonds, to be repaid from proceeds from sale of Bonds.

**TREASURY DEPARTMENT**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$ 1,613,150.00
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Board of Finance and Revenue:

Administration .....	281,300.00
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Refunds .....	1,482,581.82
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Interest and Sinking Fund (Road and Relief

Bonds) .....	30,427,939.10
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Total .....	\$33,804,970.92
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*Appendix—Financial Report—Budget Office*

**LEGISLATIVE DEPARTMENT**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$5,247,547.90
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**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Senate .....	\$1,508,318.81
House of Representatives .....	3,167,968.81
Legislative Reference Bureau .....	179,058.34
Miscellaneous .....	27,025.60
<hr/>	
Total .....	\$4,882,371.56
Estimated Unexpended .....	\$ 365,176.34

**JUDICIAL DEPARTMENT**

**Funds Available**

Appropriated and Allocated, June 1, 1931 to May 31, 1935

Governmental Operations:

Departmental .....	\$10,045,217.92
--------------------	-----------------

**Budgetary Functional Use**

Actual and Estimated, June 1, 1931 to May 31, 1935

Governmental Operations:

Supreme Court .....	\$ 978,821.01
Superior Court .....	718,527.24
Courts of Common Pleas .....	5,973,720.98
Orphans Court .....	1,129,000.00
Other .....	1,109,677.72
<hr/>	
Total .....	\$9,909,746.95
Estimated Unexpended .....	\$ 135,470.97

*Appendix—Financial Report—Budget Office*

**PUBLIC DEBT OF THE COMMONWEALTH AS OF  
DECEMBER 1, 1934**

Road Bonds:

Of the \$100,000,000 of road bonds there were outstanding at January 1, 1931 .....	\$89,221,000.00
While there was deposited in the Sinking Fund for maturing the road bonds .....	<u>10,277,133.00</u>
Leaving a net road bond debt at that time of .....	<u>\$78,943,867.00</u>
There has been cancelled and redeemed from January 1, 1931 until December 1, 1934 .....	<u>\$ 7,079,000.00</u>
Leaving Road Bonds outstanding on December 1, 1934 .....	\$82,142,000.00
And there is now in the Sinking Fund for Redemption of Road Bonds .....	<u>15,579,181.00</u>
The net outstanding road bond debt December 1, 1934 is, therefore	\$66,562,819.00      \$66,562,819.00

Emergency Relief Bonds:

On December 1, 1933 there were issued .....	\$25,000,000.00
There has been redeemed to December 1, 1934 .....	<u>2,500,000.00</u>
The net outstanding Emergency Relief Bond debt December 1, 1934 is, therefore .....	\$22,500,000.00      22,500,000.00

Veterans' Compensation Bonds:

On March 1, 1934 there were issued .....	30,000,000.00
On May 1, 1934 there were issued .....	<u>20,000,000.00</u>
Total Current Net Public Debt December 1, 1934	\$139,062,819.00
Matured Loans Unclaimed (Non-Interest Bearing) ...	<u>141,320.00</u>
Total Net Public Debt December 1, 1934 .....	<u>\$139,204,139.00</u>

*Appendix—Financial Report—Budget Office*

**CUSTODIAL FUNDS**

**Cash and Investments as of June 1, 1931**

	Cash	Investments	Total
Sinking Fund -----	\$7,036,555.81	\$4,306,000.00	\$11,342,555.81
Agricultural College Land Scrip Fund -----	45,541.84	455,000.00	500,541.84
State College Experimental Farm Fund -----	712.46	17,000.00	17,712.46
Federal Plant Pest Fund -----	.92		.92
Fire Insurance Tax Fund -----	1,494,779.32		1,494,779.32
Liquid Fuels Tax Fund -----	1,651,287.12		1,651,287.12
State Workmen's Insurance Fund -----	302,111.63	9,272,775.00	9,574,886.63
State Insurance Fund -----	302,972.50	1,050,000.00	1,352,972.50
Soldiers' and Sailors' Memorial Bridge Fund -----	1,353.68		1,353.68
Federal Vocational Educational Fund -----	528,421.19		528,421.19
Federal Rehabilitation Fund -----	40,682.39		40,682.39
State School Fund -----	45,101.01	1,264,250.00	1,309,351.01
School Employees Retirement Fund -----	3,140,990.22	76,823,905.00	79,964,895.22
State Employees Retirement Fund -----	59,392.80	8,562,400.00	8,621,792.80
Manufacturing Fund -----	486,164.22		486,164.22
Total—Custodial Funds -----	\$15,136,067.11	\$101,751,330.00	\$116,887,397.11

**CUSTODIAL FUNDS**

**Cash and Investments as of December 1, 1934**

	Cash	Investments	Total
Sinking Fund -----	\$2,691,500.82	\$13,029,000.00	\$15,720,500.82
Agricultural College Land Scrip -----	37,688.65	471,500.00	509,188.65
State College Experimental Farm Fund -----	1,085.62	16,350.00	17,435.62
Purchasing Fund -----	7,709.45		7,709.45
Fire Insurance Tax Fund -----	1,811,723.60		1,811,723.60
Liquid Fuels Tax Fund -----	1,227,598.04		1,227,598.04
State Workmen's Insurance Fund -----	605,646.99	9,690,750.00	10,296,396.99
State Insurance Fund -----	88,767.62	958,000.00	1,046,767.62
Soldiers' and Sailors' Memorial Bridge Fund -----	1,353.68		1,353.68
Federal Vocational Educational Fund -----	489,349.00		489,349.00
Federal Rehabilitation Fund -----	75,591.40		75,591.40
State School Fund -----	107,222.60	1,425,230.00	1,532,452.60
School Employees Retirement Fund -----	2,449,379.71	112,743,666.61	115,193,046.32
State Employees Retirement Fund -----	402,444.27	13,752,700.00	14,155,144.27
Manufacturing Fund -----	447,888.01		447,888.01
State Work Relief Compensation Fund -----	394,723.40		394,723.40
Liquor License Fund -----	129,545.54		129,545.54
Total—Custodial Funds -----	\$10,969,218.40	\$152,087,196.61	\$163,056,415.01

*Appendix—Financial Report—Budget Office*

**CUSTODIAL FUNDS**

**Classification of Securities as of December 1, 1934**

OBLIGATIONS OF:

Pennsylvania .....	\$ 8,600,000.00
Sub-Divisions of Pennsylvania:	
Counties .....	\$12,528,500.00
Cities .....	14,841,000.00
Boroughs .....	19,518,461.61
Townships .....	10,481,800.00
School Districts .....	52,439,205.00
Others .....	15,172,000.00
	124,980,966.61
Total Pennsylvania Securities.....	\$133,580,966.61
United States .....	14,951,600.00
Other States .....	210,000.00
Sub-Divisions of Other States .....	639,500.00
Farm Loan Bonds .....	800,000.00
Pennsylvania Real Estate Liens .....	1,899,500.00
Loans to School Districts .....	5,630.00
Total Securities—December 1, 1934	\$152,087,196.61

*Organization of Administrative Departments  
Boards and Commissions*

**Organization of Administrative Departments, Boards, and Commissions Under Supervision of the Governor Showing Bureaus and Statutory Boards**

At the Beginning of the Administration January, 1931	At the End of the Administration January, 1934
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**GOVERNOR'S OFFICE**

<i>Bureaus</i>	<b>4</b>	<i>Bureaus</i>	<b>3</b>
Administrative Bureau		Administrative Bureau	
Budget Bureau		Budget Bureau	
Personnel Bureau		Personnel Bureau	
Bureau of Industrial Police		(Abolished)	

**DEPARTMENT OF AGRICULTURE**

<i>Bureaus</i>	<b>5</b>	<i>Bureaus</i>	<b>4</b>
Executive Office			
Bureau of Statistics		}	Executive Office
Bureau of Animal Industry			Bureau of Animal Industry
Bureau of Markets			Bureau of Markets
Bureau of Foods and Chemistry			Bureau of Foods and Chemistry
Bureau of Plant Industry			Bureau of Plant Industry
<i>Statutory Boards</i>	<b>1</b>	<i>Statutory Boards</i>	<b>1</b>
State Farm Products Show Commission		State Farm Products Show Commission	

**DEPARTMENT OF BANKING**

<i>Bureaus</i>	<b>None</b>	<i>Bureaus</i>	<b>2</b>
Not organized by bureaus		}	Executive Office Bureau of Banks and Trust Companies Bureau of Building and Loan Associations
<i>Statutory Boards</i>	<b>2</b>	<i>Statutory Boards</i>	<b>2</b>
Pennsylvania Securities Commission Board to License Private Bankers		Pennsylvania Securities Commission Board to License Private Bankers	

**DEPARTMENT OF FORESTS AND WATERS**

<i>Bureaus</i>	<b>8</b>	<i>Bureaus</i>	<b>5</b>
Executive Office			
Bureau of Accounts		}	Executive Office
Bureau of Research and Information			
Forest Research Institute			
Bureau of Protection		Bureau of Forest Protection	
Bureau of Management		}	Bureau of Forest Management, Lands and Parks
Bureau of Parks			
Bureau of Lands			
Bureau of Extension		Bureau of Forest Extension	
Bureau of Waters		}	Bureau of Dams and Encroachments Bureau of Hydrography

## Organization of Administrative Departments Boards and Commissions

<i>Statutory Boards</i>	10	<i>Statutory Boards</i>	10
Water and Power Resources Board		Water and Power Resources Board	
Geographic Board		Geographic Board	
Lake Erie and Ohio River Canal Board		Lake Erie and Ohio River Canal Board	
Pa. State Park and Harbor Commission		Pa. State Park and Harbor Commission	
Washington Crossing Park Commission		Washington Crossing Park Commission	
Valley Forge Park Commission		Valley Forge Park Commission	
Fort Washington Park Commission		Fort Washington Park Commission	
State Forest Commission		State Forest Commission	
State Parks Commission		State Parks Commission	
Bushy Run Battlefield Commission		Bushy Run Battlefield Commission	

### DEPARTMENT OF HEALTH

<i>Bureaus</i>	12	<i>Bureaus</i>	6
Executive Office		Executive Office	
Bureau of Finance			
Bureau of Laboratories			
Bureau of Tuberculosis Sanatoria			
Bureau of Communicable Diseases			
Bureau of Vital Statistics			
Bureau of Nursing			
Bureau of Engineering			
Bureau of Child Health			
Bureau of Public Health Education			
Bureau of Drug Control			
Bureau of Inspection			
Bureau of Milk Control			
<i>Statutory Boards</i>	3	<i>Statutory Boards</i>	3
Sanitary Water Board		Sanitary Water Board	
Anatomical Board		Anatomical Board	
Advisory Health Board		Advisory Health Board	

### DEPARTMENT OF HIGHWAYS

<i>Bureaus</i>	2	<i>Bureaus</i>	None
Clerical and Accounting Bureau		Not organized by bureaus, principal functions are:	
Bureau of Construction and Maintenance			
		Executive Office Construction Headquarters Maintenance Headquarters Field Operations—Six Divisions	
<i>Statutory Boards</i>	None	<i>Statutory Boards</i>	1
		State Bridge Commission	

### INSURANCE DEPARTMENT

<i>Bureaus</i>	None	<i>Bureaus</i>	1
Not organized by bureaus		Executive Office Bureau of Examinations and Actuarial Services	

*Organization of Administrative Departments  
Boards and Commissions*

DEPARTMENT OF JUSTICE

<i>Bureaus</i>	<b>1</b>	<i>Bureaus</i>	None
General Department		General Department	
Bureau of Criminal Statistics		(Abolished)	
<i>Statutory Boards</i>	<b>2</b>	<i>Statutory Boards</i>	<b>2</b>
Board of Pardons		Board of Pardons	
Board of Commissioners on Uniform State Laws		Board of Commissioners on Uniform State Laws	

DEPARTMENT OF LABOR AND INDUSTRY

<i>Bureaus</i>	<b>9</b>	<i>Bureaus</i>	<b>7</b>
Executive Office			
Bureau of Statistics		Bureau of Accounts and Statistics	
Bureau of Accounting			
Bureau of Inspection		Bureau of Inspection	
Bureau of Bedding and Upholstery			
Bureau of Industrial Relations		Bureau of Mediation	
Bureau of Employment		Bureau of Employment	
Bureau of Workmen's Compensation		Bureau of Workmen's Compensation	
Bureau of Rehabilitation		Bureau of Rehabilitation	
Bureau of Women and Children		Bureau of Women and Children	
<i>Statutory Boards</i>	<b>4</b>	<i>Statutory Boards</i>	<b>4</b>
State Workmen's Insurance Board		State Workmen's Insurance Board	
Workmen's Compensation Board		Workmen's Compensation Board	
Workmen's Compensation Referees		Workmen's Compensation Referees	
Industrial Board		Industrial Board	

DEPARTMENT OF MILITARY AFFAIRS

<i>Bureaus</i>	<b>1</b>	<i>Bureaus</i>	None
Bureau of Administration		Executive Office	
Division Headquarters		Division Headquarters	
Military Reservation		Military Reservation	
		State Arsenal	
<i>Statutory Boards</i>	<b>5</b>	<i>Statutory Boards</i>	<b>5</b>
Armory Board of the State of Pennsylvania		Armory Board of the State of Pennsylvania	
Board of Trustees of the Pennsylvania Soldiers' and Sailors' Home		Board of Trustees of the Pennsylvania Soldiers' and Sailors' Home	
State Athletic Commission		State Athletic Commission	
State Military Reservation Commission		State Military Reservation Commission	
State Veterans' Commission		State Veterans' Commission	

DEPARTMENT OF MINES

<i>Bureaus</i>	<b>None</b>	<i>Bureaus</i>	None
Administrative Division		Administrative Division	
Anthracite Division		Anthracite Division	
Bituminous Division		Bituminous Division	

## *Organization of Administrative Departments Boards and Commissions*

### DEPARTMENT OF PROPERTY AND SUPPLIES

<i>Bureaus</i>	<b>5</b>	<i>Bureaus</i>	<b>5</b>
Executive Office		Executive Office	
Bureau of Accounts		Bureau of Construction	
Bureau of Engineering and Construction		Bureau of Public Grounds and Buildings	
Bureau of Public Grounds and Buildings		Bureau of Purchases	
Bureau of Standards and Purchases		Bureau of Standards	
Bureau of Publications		Bureau of Publications	
<i>Statutory Boards</i>	<b>3</b>	<i>Statutory Boards</i>	<b>3</b>
Board of Commissioners of Public Grounds and Buildings		Board of Commissioners of Public Grounds and Buildings	
State Art Commission		State Art Commission	
General Galusha Pennypacker Monument Commission		General Galusha Pennypacker Monument Commission	

### DEPARTMENT OF PUBLIC INSTRUCTION

<i>Bureaus</i>	<b>8</b>	<i>Bureaus</i>	<b>3</b>
Executive Office		Executive Office	
Teacher Certification Bureau		Bureau of Professional Licensing	
Examining and Licensing Bureau			
School Business Bureau			
Bureau of Child Helping and Accounting		Bureau of School Administration and Finance	
Bureau of School Buildings			
Rural Service Bureau			
Vocational Education Bureau			
School Visitation Bureau			
State Library and Museum		Bureau of School Curriculum	
<i>Statutory Boards</i>	<b>32</b>	<i>Statutory Boards</i>	<b>32</b>
State Council of Education		State Council of Education	
Pennsylvania State Board of Censors		Pennsylvania State Board of Censors	
Public School Employees' Retirement Board		Public School Employees' Retirement Board	
Pennsylvania Historical Commission		Pennsylvania Historical Commission	
Board of Trustees of fourteen Teachers Colleges and four other Educational Institutions		Board of Trustees of fourteen Teachers Colleges and four other Educational Institutions	
Fourteen Examining Boards		Fourteen Examining Boards	

### PUBLIC SERVICE COMMISSION

<i>Bureaus</i>	<b>5</b>	<i>Bureaus</i>	<b>4</b>
Secretarial Division		Secretary's Office	
Law Division		Law Bureau	
Bureau of Rates and Tariffs		Bureau of Accounts, Rates and Statistics	
Bureau of Accounts and Statistics		Bureau of Public Convenience	
Bureau of Public Convenience		Bureau of Engineering	
Bureau of Engineering			
Bureau of Accidents			

*Organization of Administrative Departments  
Boards and Commissions*

**DEPARTMENT OF REVENUE**

<i>Bureaus</i>	8	<i>Bureaus</i>	7
Executive Office		Executive Office	
Departmental Bureau			
Accounting Bureau			
Escheat Bureau			
Corporation Bureau		Bureau of Corporation Taxes	
Institutional Bureau			
Maintenance Bureau		Bureau of Institutional Collections	
 <b>County Bureau</b>		 Bureau of County Collections	
 Bureau of Motor Vehicles		Bureau of Motor Vehicles	
		Bureau of Highway Patrol and Safety	
		Bureau of Liquid Fuels Tax	
		Bureau of Investigations and Collections	

**DEPARTMENT OF STATE**

<i>Bureaus</i>	4	<i>Bureaus</i>	3
Administrative Bureau		Executive Office	
Corporation Bureau		Corporation Bureau	
Commission Bureau		Commission Bureau	
Election and Legislative Bureau		Election and Legislative Bureau	
 <i>Statutory Boards</i>	1	<i>Statutory Boards</i>	1
State Employes' Retirement Board		State Employes' Retirement Board	

**PENNSYLVANIA STATE POLICE**

<i>Bureaus</i>	1	<i>Bureaus</i>	2
Administrative Division		Executive Office	
Bureau of Fire Protection		Bureau of Fire Protection	
Division of Criminal Identification and Information		Bureau of Criminal Identification and Information	

**DEPARTMENT OF WELFARE**

<i>Bureaus</i>	4	<i>Bureaus</i>	4
Administrative Division		Executive Office	
Bureau of Assistance			
Bureau of Children		Bureau of Community Work	
Bureau of Mental Health		Bureau of Mental Health	
Bureau of Restoration		Bureau of Corrections	
Prison Labor Division		Prison Labor Division	
 <i>Statutory Boards</i>	31	 <i>Statutory Boards</i>	30
State Council for the Blind		State Council for the Blind	
Pennsylvania Alcohol Permit Board		(Pennsylvania Alcohol Permit Board)*	
Boards of Trustees of five		Boards of Trustees of five	
Penal and Correctional Institutions#, eight Mental Hospitals, ten Medical and Surgical Hospitals and five Institutions for Feeble Minded and Epileptics		Penal and Correctional Institutions#, eight Mental Hospitals, ten Medical and Surgical Hospitals and five Institutions for Feeble Minded and Epileptics	
State Welfare Commission		State Welfare Commission	

*Organization of Administrative Departments  
Boards and Commissions*

**BOARD OF FISH COMMISSIONERS**

<i>Bureaus</i>	None	<i>Bureaus</i>	None
Secretarial Division		Not organized by Bureaus. Principal	
Protection Division		functions are:	
Propagation Division		Administrative	
Division of Public Information		Protection	
		Propagation	

**BOARD OF GAME COMMISSIONERS**

<i>Bureaus</i>	3	<i>Bureaus</i>	2
Division of General Office Maintenance			
Division of Research, Education and Game Farm Management		Executive Office	
Bureau of Predatory Animals			
Bureau of Protection		Bureau of Protection	
Bureau of Refuges and Lands		Bureau of Refuges and Lands	

**MILK CONTROL BOARD**

<i>Bureaus</i>	2
Not in existence until 1934.	
Created by Act 37, Special Session of 1933.	

**PENNSYLVANIA LIQUOR CONTROL BOARD**

<i>Bureaus</i>	5
Not in existence until 1933.	
Created by Act 4, Special Session of 1933.	
Executive Office	
Bureau of Liquor Store Operations	
Bureau of Liquor Merchandising	
Bureau of Liquor Purchases	
Bureau of Accounts	
Bureau of Liquor Licensing and Enforcement	

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\* The powers and duties of the Pennsylvania Alcohol Permit Board were transferred to Pennsylvania Liquor Control Board but the former was not abolished.

# There are seven Penal and Correctional Institutions—the Board of Trustees of Eastern State Penitentiary has two institutions—Cherry Hill, Philadelphia and Graterford; and the Board of Trustees of Western State Penitentiary has two institutions—Riverside, Pittsburgh, and Rockview.

*Personnel Departments, Boards and Commissions*

**PERSONNEL OF DEPARTMENTS, BOARDS, AND COMMISSIONS AT THE BEGINNING AND AT THE  
END OF THE ADMINISTRATION**

**(Not including the Personnel of Departments not under Supervision of the Governor, the Personnel of the Institutions, nor of the Liquor or Milk Control Boards; heads of Department also not included)**

Beginning the Administration	End of Administration	Number of Employees	Annual Payroll Rates		
			Beginning the Administration	End of Administration	Decrease# or Increase
Governor's Office					
Department of Agriculture	67	57	10#	\$131,380	\$125,940
Department of Banking	382	320	62#	729,259	610,530
Board of Fish Commissioners	243	247	4	612,195	605,680
Department of Forests and Waters	69	69	---	11F,540	114,140
Board of Game Commissioners	288	254	34#	51F,409	463,656
Department of Health	177	193	16	283,800	310,765
Department of Highways	702	629	73#	1,067,375	994,372
Insurance Department	2,114	2,249	1351	3,670,375	3,856,080
Department of Justice	90	95	5	221,619	203,340
Department of Labor and Industry	50	118	68 <sup>a</sup>	147,839	103,180
Department of Military Affairs	798	672	126#	1,482,867	1,183,306
Department of Mines	135	135	---	228,738	207,200
Department of Property and Supplies	73	58	15#	302,220	238,680
Department of Public Instruction	693	586	107#	1,014,519	747,716
Public Service Commission	416	379	37#	769,962	674,954
Department of Revenue	157	176	19	356,390	375,850
Pennsylvania State Police	1,638	1,683	15#	2,261,638	2,245,972
Department of Welfare	45	457	3#	84,340	74,020
	404	140	42	834,632	876,680
			7#	346,480	342,770
			157	173	
Total	8,801	8,576 <sup>b</sup>	925#	\$16,234,713	\$14,554,831
					\$679,882#

<sup>a</sup> Reflects additional work demanded by the Rural and Township Road Programs.

<sup>b</sup> Placing Special Deputies and Local Counsel on salary. The savings in fees formerly paid offsets this payroll increase.

\* Additional Prison Labor shops at Western, Huntingdon, and Eastern.

\* State Police service pay increases provided by law.

† Of this number the Department report that 932 are performing work which did not exist at the beginning of this Administration.

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